Austria	Sch30	Iran	Rls210	Pakistan	Rs35
Bahrain	Din0.900	Israel	Shk4.50	Philippines	Pes40
Belgium	BFr60	Italy	L2200	Poland	Zl 11,000
Cyprus	CC1.00	Jordan	JD1.20	Portugal	Esc175
Denmark	DKr13	Korea	Won 2000	Qatar	QR12.00
Egypt	E£3.50	Kuwait	Fils.500	S.Arabia	SR9.00
Finland	FM8.50	Lebanon	L£1,000	Singapore	S$4.10
France	FFr7.50	Lux	LFr60	Spain	Pta175
Germany	DM3.00	Malaysia	M$4.50	Sweden	SKr13
Greece	Dr220	Morocco	MDh16	Switz	SFr2.70
Hungary	Ft145	Neth	Fl 3.50	Thailand	Bt50
Iceland	IKr180	Nigeria	Naira15	Tunisia	Din0.900
India	Rs20	Norway	NKr13.00	Turkey	L3000
Indonesia	Rp3100	Oman	OR1.20	UAE	Dh9.00

EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

FT No. 31,422

Monday April 8 1991

D 8523A

THE COMMUNITY

Emu train stopped in its tracks

Page 14

World News

UK-China rift casts shadow over Hong Kong airport

The future of Hong Kong's new airport hung in the balance after China, during weekend talks with Britain in Peking, stepped up demands for a degree of control over the project and over the territory's financial policies. Page 2; editorial comment, Page 14

Cuba crash kills 56

A crowded Cuban passenger train travelling from Havana to the eastern city of Guantanamo derailed in darkness, killing 56 people and injuring more than 200.

Yeltsin in church

Senior Soviet officials, headed by Russian leader Boris Yeltsin, joined worshippers at Easter services in Moscow's vast Epiphany Cathedral. Power struggle, Page 3

Crew rescued

British helicopters lifted 28 crew from the blazing cargo ship Crystal Star in the English Channel after fire broke out in its engine room.

More room at Mecca

Saudi Arabia said work was under way at Islam's holiest shrine in Mecca to ease congestion during June's Haj (Moslem pilgrimage). More than 1,400 pilgrims suffocated last year inside an overcrowded tunnel.

Row as doctor freed

The release in Malaga of a doctor convicted of carrying out an illegal abortion has caused a political row in predominantly Catholic Spain. He had served only five days of a four-year sentence.

Sudan's future

Sudan's military government, fighting a civil war, has called a national conference to decide the political future of Africa's biggest country.

Palestinians appeal

Four Palestinians from Gaza appealed to the Israeli Supreme Court in a last effort to overturn army expulsion orders. PLO sentence, Page 2

Albania votes

Albania's communists are set to gain control of the country's first multi-party parliament after a second round of balloting. Page 3

Bus falls off bridge

At least 33 people were killed when a bus carrying 51 passengers plunged off a five-mile bridge into Lake Maracaibo, South America's largest lake, west of Caracas in Venezuela.

Charter for parents

Japan, suffering from too few workers and too few babies, is proposing legislation for up to a year's leave from work for both male and female parents after the birth of a child.

Power of advertising

Sweden, the last country in Western Europe to hold out against advertising on television, is paving the way for commercials on a new third channel.

Peru quake deaths

A chain of earthquakes in northern Peru killed at least 50 people, injured 600 and left thousands homeless. Page 5

Eyes in the skies

With the help of a robot arm, astronaut Linda Godwin prepared to release into orbit a 17-tonne observatory from the US space shuttle Atlantis. It will create a new "set of eyes" on the universe.

Business Summary

BP and Statoil accord close on industrial gas venture

British Petroleum is close to agreeing a joint venture with Statoil, Norway's state-owned energy company, which will launch a major assault on the UK industrial gas market.

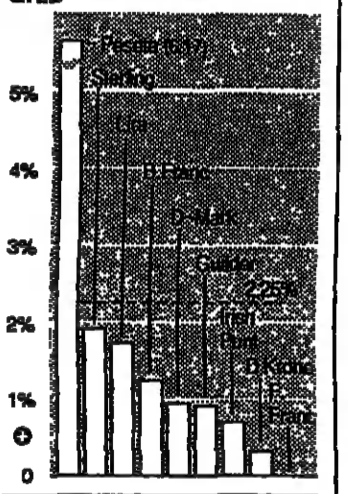
Completion of the deal is likely to be followed by pressure from BP on the UK government to allow further large imports of Norwegian gas into the country from the mid-1990s, posing a serious challenge to British Gas, which has retained an almost complete grip on the UK's industrial gas market. Page 16

European Monetary System: The Bundesbank's decision to leave German interest rates unchanged further weakened the D-Mark and raises the possibility of a co-ordinated loosening of monetary policy among those European Monetary System currencies with high interest rates. Spain, with the highest rates and strongest currency, may lead the way but a cut in rates by EMS members with weak currencies cannot take place until the peseta's large interest rate differential has been narrowed.

Sterling firmed as the D-Mark remained weak after the Bundesbank's decision not to raise interest rates, rising to DM2.9775 from DM2.9750 and to FFr10.0750 from FFr10.0725. Sterling's index rose 0.1 point to 92.8. Currencies, Page 27

EMS April 5, 1991

GRID



The chart shows member currencies of exchange rate mechanism measured against the weakest currency in the EMS's narrow 2.25 per cent fluctuation band. In practice, currencies in the EMS narrow band cannot rise by more than 2.25 per cent from the weakest currency in that part of the system. Sterling and the Spanish peseta operate within 6 per cent fluctuation bands.

INTER-AMERICAN Development Bank is thinking of making loans directly to private sector companies in Latin America, one of several proposals aimed at fostering development of the private sector in the region. Page 16

FRENCH government's decision partially to relax its grip on the public sector by agreeing to allow some raising of private capital is a clear sign that the state can no longer afford to fund all its companies' needs. Page 16

LAIDLAW, Ontario-based school bus and waste services operator, is expected to retract insider trading allegations levelled last week against Mr Michael Ashcroft, chairman and chief executive of ADT, security and car auction group. Page 17

US may press UN to accept 'safe' areas for Kurds and Shias

Allies step up search for peace

Peter Riddell in Washington, **Tony Walker** in Amman and **David Gardner** in Brussels

THE ALLIES in the Gulf war are this week stepping up efforts to seek a durable Middle East peace following Iraq's grudging acceptance at the weekend of United Nations Security Council conditions for a formal ceasefire.

At the same time, the US may return to the UN to seek ways of protecting Kurds and other Iraqi refugees from the Baghdad regime.

Mr Dick Cheney, the US Defence Secretary, said on American television yesterday that Washington might want to go back to the Security Council to consider creating "some kind of mechanism or process that would provide an area where they (the Kurds) would be safe."

Mr James Baker, the US Secretary of State, after a stop in Turkey where he will discuss humanitarian assistance, visits Israel today for talks which are expected to test Israeli attitudes to a "land for peace" formula in any settlement of the Palestinian question.

Leaders of the EC's 12 member states, at a special summit in Luxembourg today, are likely to back US efforts to foster a direct Arab-Israeli peace process. EC diplomats expect "limited, pragmatic, but concrete resolutions" to emerge from the half-day meeting.

Mr Brent Scowcroft, President George Bush's national security adviser, said that the US would remove its troops from southern Iraq within "days, not weeks or months" once the "blue-helmet" observer force from the United Nations is in place.

The original 100,000 US deployment in southern Iraq had already been "thinned out" and preparations were well under way for a full withdrawal, he added. So far 200,000 of the peak 540,000 US troops in the Gulf have left the region.

Mr Scowcroft said the US would not abandon the 40,000 refugees currently in allied occupied southern Iraq when its troops are withdrawn. These people would not be forced to go back under Iraqi control. It still had to be worked out how they would be looked after, he said, though they might be moved down to the border in the demilitarised zone along the Iraq-Kuwait border where they would be cared for by international organisations.

Mr Cheney's suggestion of a UN-sponsored safety zone for the Kurds in the north followed Friday's Security Council resolution calling on Iraq to halt the oppression of the Kurds and to open its borders to allow humanitarian assistance to be provided. This did not provide for any enforcement.

Iraq at the weekend rejected that resolution saying that it amounted to unwarranted interferance in its internal affairs.

Apart from Israel, Mr Baker will also go this week to Egypt, Syria and Switzerland. He will meet Mr Taher Masri, the Jordanian foreign minister, in Geneva on Friday, in the first high-level public contact between Washington and Amman since the war when King Hussein favoured Iraq.

Today's Luxembourg EC summit is expected to pledge substantial aid for the Kurds, in addition to resources already being sent on a national basis and by the European Commission.

The meeting was requested by France originally to discuss a more specifically EC contribution to peace in the Middle

Continued on Page 16

Kurdish men in a refugee camp at Uzumla in southern Turkey at the weekend carry the body of a fellow refugee who died while trying to cross into Turkey from Iraq.

International aid arrives for stricken Kurds

By John Murray Brown in Cukurca and **Our Foreign Staff**

THE FIRST air drops of food and medicine to some of the hundreds of thousands of Iraqi Kurds fleeing from President Saddam Hussein's forces began yesterday as the international relief effort along the Turkish border with Iraq moved slowly into gear.

A US spokesman at the Incirlik air base in southern Turkey said six C-130 planes – escorted by fighter aircraft – dropped 32 tons of water and food. British aircraft are expected to join the operation today.

The air drops along the border and over northern Iraq came after the government in neighbouring Iran announced the closure of its border with Iraq.

"At present hundreds of thousands of refugees are massed across the border, waiting to enter the Iranian soil," said Tehran Radio. "But unfortunately lack of food, bedding and clothing make it impossible to accept more," the radio added.

The International Committee of the Red Cross yesterday confirmed that an estimated 400,000 Iraqi refugees are in Iran. It described their situation as "drastically deteriorating".

In Turkey aid is slowly getting to the estimated 250,000 refugees who have managed to cross the border. Four days after leaving Ankara, the Turkish capital, 12 trucks organised by the United Nations arrived in the border town of Cukurca carrying tents, blankets and cooking ware, enough for some 1,000 refugees. The relief, the distribution of which has still to be agreed with local government officials, comes ahead of visit to the area today by Mr James Baker the US secretary of state.

The only assistance up to now was that supplied by local Turkish Kurds who, organised by the local mayor, were carrying bags of bread and plastic shoes to the makeshift refugee camps in the mountains.

Local representatives of four UN agencies the World Food Programme and the Turkish Red Crescent will today complete a fact finding tour of the region to assess the refugees' needs.

Meanwhile in Diyarbakir, the regional capital, riot police

Continued on Page 16
Bush 'stung,' Page 2

Kohl braves crowd to deliver economic warning

By David Marsh in Erfurt, eastern Germany

GERMANY faces several more years of "considerable restructuring difficulties" in the formerly communist east, Chancellor Helmut Kohl warned yesterday, but he said he was confident of eventual recovery.

In his first trip to the east since he won the general election four months ago, Mr Kohl had to brave egg-throwing and jeering from a 600-strong crowd as he arrived for talks with local politicians in Erfurt, the capital of Thuringia.

Mr Kohl has faced growing complaints from east Germany over rising unemployment and falling living standards since unity in October.

One protest banner read: "Eight hundred thousand unemployed, 2m on short-time working. That's enough."

Mr Kohl selected Thuringia for his first visit because the region is a stronghold of his Christian Democratic Union and has been suffering slightly less than more heavily industrialised areas.

His welcome yesterday, however, was extremely subdued compared with the 130,000 people who applauded him when he spoke at an election rally in Erfurt in February 1990. A few hundred sightseers and churchgoers greeted him outside the Roman Catholic cathedral, where he attended morning mass.

Mr Kohl, who also visited a Catholic hospital, attracted some criticism from trade unionists and officials in his own government for not making his visit more broadly based. Only about 8 per cent of the Erfurt population share Mr Kohl's Catholic faith.

The main mood on the streets seemed to be apathy mixed with concern over jobs rather than a mood of outright protest. During talks with local politicians, Mr Kohl heard a list of complaints about administrative problems in channelling aid to the region, but faced no direct criticism of his policies.

At a press conference he repeated his pledge that east Germany would need "three to five years to become a flourishing landscape". But later he took a more cautious line by saying it would take "three, four or five years" to reach the end of the present period of depression.

Mr Kohl said he feared that

Continued on Page 16
Germans try to salvage industrial relics, Page 3

Brazil agrees repayment terms on $8bn in interest arrears

By Stephen Fidler, *Euromarkets Correspondent, in Nagoya, Japan*

BRAZIL has agreed terms with its leading commercial banks on the repayment of $8bn in interest arrears after almost six months of negotiations.

The terms call for Brazil to pay 25 per cent of the overdue interest this year, and the rest through the issue of 10-year bonds.

However, a final accord putting the agreement into place has been delayed because German banks have been insisting that Brazil reinstate part of its September 1988 debt restructuring arrangements. These cover Brazil's agreement to allow debt-equity swaps, which the country suspended a few months after signing.

In spite of the delay, there are strong hopes among bankers and government officials that this issue can be resolved early this week.

Mr William Rhodes of Citicorp of the US, chairman of the 22-bank advisory committee to Brazil, said yesterday: "We are indeed close to finalising an agreement in principle, with one point still remaining which we hope to resolve tomorrow."

If the German banks give their formal approval, the agreement must still be ratified by 95 per cent of Brazil's bank creditors. They will be asked to provide waivers to avoid the possibility of a formal default by Brazil.

Banks have insisted that a deal covering interest arrears was necessary before they would discuss a comprehensive restructuring of Brazil's medium-term bank debt of up to $60bn.

Ms Zelia Cardoso de Mello, Brazil's economy minister, said yesterday that agreement with banks on a settlement of interest arrears was "nearly concluded". But in a speech to the Inter-American Development Bank meeting in Nagoya, Japan, she strongly criticised the decision last month which delayed approval of a $350m IADB loan for sanitation projects in Brazil.

The decision to delay the loan by two months was taken by industrialised country shareholders, led by the US, because of the slow progress in negotiations with the banks. Although holding a minority of voting power, they have the right to delay the loan.

The decision to postpone the loan was taken, said Mr David Mulford, undersecretary for international affairs at the US Treasury, because of a worry about Brazil's poor relations with its commercial bank creditors.

The concern was, he said, that the build-up of arrears with banks would in time put the international financial institutions at risk.

However, he indicated that agreement with the banks on interest arrears should pave the way for a rapid reconsideration of the loan, provided a number of technical issues were cleared up.

These could be resolved quickly, he said.

IADB meeting, Page 5; IADB considers private sector loans, Page 16

World Watch: A new FT service

A weekly selection of world economic indicators is to feature in the FT every Monday, beginning today.

It will appear on the foreign pages and provide in-depth statistical coverage of the six largest market economies.

Once every three months, beginning today on page 4, a National Accounts table will give all the key indicators for these economies in a comprehensive package.

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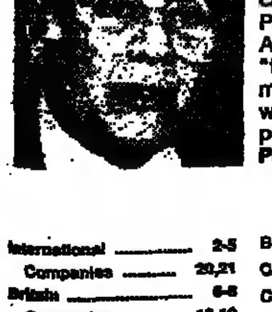
THE MONDAY INTERVIEW



Handling Chile's bitter human rights legacy has been the toughest career challenge of President Patricio Aylwin. He argues that "the virtue of justice must be reconciled with the virtue of prudence." Page 32

FT SURVEYS AHEAD

Shaping managers for tomorrow: see Tuesday's survey, details right.

TUESDAY

Management Education and Training: business schools face a demand for more sophisticated courses and teaching methods.

THURSDAY

UK regional survey – Essex: back in the limelight as overseas investment has homed into the area.

OTHER SURVEYS AHEAD

April 18: European Finance and Investment Series: Offshore Centres.
April 18: Pension Fund Investment.
April 19: Focus on Business Parks.
April 19: The Canary Islands.

Future of HK airport hangs in the balance

By John Elliott in Peking

THE future of Hong Kong's plans for a HK$100bn (£7.4bn) airport hung in the balance last night after China, during weekend talks with Britain in Peking, stepped up its demands for some control over the project *and the territory's financial* policies.

Mr Douglas Hurd, UK Foreign Secretary, who met China's leaders last week, set a deadline on Saturday for the talks by saying they can continue only until he leaves the country for Hong Kong this evening.

Having failed to win the breakthrough he had hoped for, Mr Hurd (who worked in Peking as a diplomat before entering politics), did not linger in the capital on Saturday. Instead he climbed Taishan, China's most sacred mountain, *leaving officials behind for* talks. This morning, he goes to Canton before flying on to Hong Kong.

His aim has been to persuade China's leaders he has *made his last play on the issue* of the airport, and that they should now honour pledges they gave him last week about not trying to control or veto government decisions in the colony before it returns to *China* in 1997.

Reacting to the pledges, Mr Hurd said: "I do not believe China wishes to use the airport issue as a precedent to assert control on other issues in Hong Kong. It is not trying to exert a veto power but it is concerned about the price which it believes is expensive".

When talks resumed between *officials* on *Saturday*, it became clear that China was toughening its stand and demanding a degree of political control which the UK and Hong Kong almost certainly find unacceptable.

China's backing is needed to give the project viability, because Hong Kong must raise at least 25 per cent of the airport finance internationally.

Peking is believed to want *guarantees* about the level to which Hong Kong's HK$73bn fiscal reserves would be reduced by the cost of the airport. The UK and Hong Kong are believed only to be prepared to reach an understanding, because guarantees could give China leverage over the colony's taxation and other fiscal policies.

China is believed to be seeking other means of exerting control, including more powerful positions on the airport authority's board than Hong Kong wants to accept.

Mr Hurd warned China last week *that if the price of political* control were too great, the project would be shelved. Given the short time before Hong Kong returns to China in 1997, that would in effect mean cancellation. This would hit *international* investment confidence in Hong Kong, since it would show China was able to undermine the capitalist spirit on which Hong Kong thrives.

Editorial Comment, Page 14

New setback for peace process in S Africa

By Michael Holman and Patti Waldmeir in Johannesburg

THE South African peace process received a further setback over the weekend when the African National Congress and the Inkatha Freedom Party called off talks aimed at ending black political violence.

The move followed an ANC ultimatum on Friday to President *F.W. de Klerk* threatening to suspend negotiations unless two government ministers were dismissed by May 9, and accusing the government and Chief Mangosuthu Buthelezi's Inkatha of conniving in the killings of ANC supporters.

Mr de Klerk rejected the ANC ultimatum, which also included calls for legislation to outlaw the carrying of weapons at public gatherings, phasing out the single-sex hostel system, a ban on the use of live ammunition by security forces at public events, a commission *of inquiry into* alleged police killings and the disbanding of counter-insurgency units.

Chief Buthelezi said he was "flabbergasted" at the ultimatum.

"It does not augur well for future constructive dealings between our organisations," he declared. A meeting between the ANC and Inkatha to discuss ways of ending fighting between supporters *has* been cancelled.

Mr Nelson Mandela, ANC deputy president, and Chief Buthelezi have met twice this year in an attempt to end faction fighting that has cost more than 700 lives since January. But the conflict has not diminished.

ANC officials privately conceded that the call for the dismissal of the ministers of Law and Order and Defence are unrealistic.

But they hope Mr de Klerk will take concrete steps to reduce violence. The ANC, however, reaffirmed its ultimatum over the weekend.

Boeing shares $33bn deal for helicopters

THE US Army has awarded a light attack helicopter contract worth potentially over $33bn (£18.6bn) to Boeing and United Technologies' Sikorsky unit, Reuter reports from Seattle.

The news surprised Wall Street, which had seen the team of McDonnell Douglas and Textron as favourites. Boeing and Sikorsky said the award would help sustain their helicopter businesses, which analysts estimate have revenues of about $1bn and $1.5bn respectively.

The army plans to buy 1,292 of the LH aircraft over 18 years to 2009, with a $2.5bn initial engineering development and prototype phase until the end of 1996.

Boeing said it would be responsible for the avionics and sub-systems and Sikorsky would build the body and final assembly. "Prototypes will be *flown* in 1994 and it will be in the field in 1998," an official said.

Bush 'stung' by criticism over Iraq

By Peter Riddell, US Editor, in Washington

THE hastily arranged decisions to send Mr James Baker, US secretary of *state, to the* Turkish-Iraqi border, and to drop humanitarian aid by air to Kurdish refugees in northern Iraq, are the result of the Bush administration being caught off balance.

It was only last Thursday that senior US policy-makers appreciated the scale both of the refugee problem and of the international demands, especially from Europe, for a large-scale response.

The sureness of touch which Mr Bush showed up to the end of the Gulf war has deserted him in the past five weeks. He has appeared insensitive to the vast suffering in Iraq and among the refugees fleeing *that country*.

In the US, this has produced a wave of press criticism, and the issue will be taken up when Congress returns from recess tomorrow.

The charge is that – having launched the fighting, and explicitly urged the Iraqi military and people to oust President Saddam Hussein – *Mr Bush has stood back from* the bloody consequences. He has been accused of squandering the moral and political gains of the allies' military victory. He is seen as retreating into his usual caution, under the *influence* of the rulers of Saudi Arabia and Turkey.

Mr Bush's much-proclaimed new world order has been depicted as focusing on the territorial integrity of countries, whether Kuwait or Iraq, rather *than on the rights of peoples.*

Bush gets caught out by photographers as he changes his shirt after jogging in a Houston park at the weekend

Mr Bush was reported at the weekend by one senior official to be "stung and defensive" over the criticism. Mr Dick Cheney, defence secretary, and Mr Brent Scowcroft, the president's national security adviser, yesterday argued that US actions have been in line with the UN mandate to liberate Kuwait, and that it was never a goal of the allies to shift Mr Saddam from power.

This partly reflects apprehension at being dragged into what they described as a quagmire and a horrible morass, if US troops had got involved in the civil war and tried to instal a new government in Baghdad.

Mr Scowcroft admitted that, "as long as the internal turbulence continues, there is less chance that Saddam Hussein would be replaced by those with the power to do it, because neither the army, nor the power elements in the country want to see Iraq split up. They're probably all joining together to deal with the insurgents."

Most of the US public backs a non-intervenionist stand, sharing Mr Bush's desire to celebrate the victory and to risk no more American lives. US forces, in Mr Bush's words, having done "the heavy lifting", there is resentment at *being* urged by Europeans to do more.

At issue is whether the US could have done more to help the insurgents. Calls to shoot down helicopter gunships are seen as beside the point. Mr Cheney said yesterday it is also a question of artillery and tanks, so attacks on helicopters would not have affected the eventual outcome.

The question is more whether Mr Bush should have put tougher political pressure on Baghdad and moved much earlier to aid the refugees.

The administration's calculation is that, having quelled internal dissent, the Iraqi military will realise that normal relations with the outside world – and foreign investment and aid for reconstruction – are impossible as long as President Saddam is in power. So they will oust him. But this is much more easily wished for than achieved.

PLO orders death of bodyguard assassin

By Tony Walker in Amman

THE Palestinian who killed two senior Palestine Liberation Organision officials and one of their bodyguards in Tunis on January 15 has been sentenced to death by a PLO "court".

Hamza Abu Zaid, the 30-year-old assassin of Salah Khalaf, who ranked second in the PLO, and of Hayel Abul Hamid, in charge of the organisation's internal security, is being held in Yemen pending execution.

A PLO official in Amman said that Abu Zaid had been handed over by the *Tunisian* authorities about a month ago, and was taken to Yemen for "safe-keeping" and interrogation.

Abu Zaid, employed as a bodyguard by Hayel Abul *Hamid* at the time of the assassination, told his interrogators that he had been instructed to kill Salah Khalaf by a senior figure in the breakaway faction led by the PLO arch-terrorist, Abu Nidal.

The latter, believed to be in Tripoli, is reported to have denied, in a message to the PLO leaders, responsibility for *the death of Salah Khalaf*, who was better known by his nom de guerre, Abu Iyad.

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Israel firm on 'land for peace' swap

By Hugh Carnegy in Jerusalem

ISRAEL will make no prior commitments implying acceptance of a "land for peace" swap formula as the basis for talks with Arab states and the Palestinians, a senior official said yesterday on the eve of a visit by Mr James Baker, the US secretary of state.

Israeli officials said they expected Mr Baker to press for an Israeli commitment to UN resolutions 242 and 338 as part of his efforts to elicit "confidence-building" measures from both sides in the Arab-Israeli dispute as he works to achieve a post-*Gulf* war *Middle East* settlement.

The two UN resolutions call for a withdrawal by Israel from Arab territories occupied in 1967, as well as guarantees of security for all regional states, including Israel. The Israeli-Egyptian Camp David accords, which are officially endorsed by the present hardline Israeli government, enshrine 242 and 338, encouraging Washington to seek a renewed commitment to them by Israel.

But Mr Yossi Ben-Aharon, head of the *prime minister's office, said:* "242 and 338 and focusing on this subject is a consequence of persistent Arab efforts to squeeze out of Israel some sort of commitment prior to negotiations regarding withdrawal for territories in return for peace – or in other words acceptance of the *formula 'land for peace'. "They won't get* such a commitment," he told Israel Radio.

The Israeli side also expects that Mr Baker, who will visit Turkey, Egypt and Syria on his trip, his second to the Middle East since the war ended, will test Israel's position on how the Palestinian side should be represented in any peace talks, and its attitude towards the idea of a symbolic regional peace conference jointly sponsored by the US and the Soviet Union to launch subsequent bilateral negotiations between Israel and Arab parties.

Mr Yitzhak Shamir, the Prime Minister, is adamant that the Palestine Liberation Organisation should be allowed no formal or informal role in any talks.

But Israeli officials say it remains possible that an acceptable formula could be found whereby Palestinians from the occupied territories were included, either in a joint Jordanian-Palestinian delegation, or as members of other Arab delegations, or as a separate Palestinian group which would negotiate directly with Israel.

INTERNATIONAL NEWS

ALBANIAN ELECTIONS

Communists set to control parliament

By Laura Silber in Tirana

ALBANIA'S communists were yesterday set to gain control of the country's first multi-party parliament after a second round of balloting.

The Albanian Party of Labour (APL), which has ruled since the communists seized power in 1944, needed to win only five more seats to gain a two-thirds majority in the 250-seat parliament.

The run-offs pitted the communists against the opposition Democratic Party, the strongest challengers, in 19 electoral districts. The majority were expected to be completed yesterday.

The communists were fighting to prevent a repeat of the humiliation last Sunday when several key party officials were defeated in the first round.

President Ramiz Alia lost to a virtually unknown Democratic Party candidate, an engineer. Mr Fatos Nano, the prime minister, seen as a moderate APL member, yesterday sought election in one of Tirana's most privileged districts, where many of the communist leaders live, after he failed to win the required more than 50 per cent majority on March 31.

Alia casts his vote yesterday

The victory of several hardline communists in the first round has driven a further wedge between the APL and the opposition. The Democratic Party has refused to participate in a coalition government.

Albania's leaders seem to be counting on the first session of parliament, to be held on April 15, to stem rising anti-communism among urban residents. The APL also hopes a multi-party parliament will win the western approval needed to secure loans.

'We'll eat grass if we have to'

The Albanian opposition remains defiant, writes Laura Silber

IN the small Albanian village of Fier, bouquets of fresh flowers lay at the base of a statue of Enver Hoxha. The bust of the country's former dictator was replaced on February 23, three days after demonstrators had thrown it in the river.

"ENVER", written in giant, black letters, remains etched in stone on the hills outside Fier.

Just 25 miles away, crowds mill around Kavaje, a run-down town in central Albania. Only 10 per cent of Kavaje's labour force of 1,000 is employed. But there they chant: "Democracy, democracy." The contrasts, and the deep divisions between town and country, between communist and anti-communist, could not be sharper.

Those divisions were drawn a week ago when Albania's communists won a comfortable majority in the rural areas but were swept out of power in the cities in the first free multi-party elections since 1921. But this division now threatens to tear apart this Balkan country of 3.2m people.

Kavaje is an anti-communist stronghold. The police and security forces stay out of sight. "The state will not send troops here. The people would fight. The party would collapse in Kavaje," says Mr Naim Kariqi, the head of the local branch of the Democratic Party. The town is in the hands of the opposition.

There are reports of vandalism of cars – those bearing number plates from southern cities. That is where support for the ruling Albanian (communist) Party of Labour (APL) is very strong.

Reasserting communist authority in Kavaje will be difficult. "The Party of Labour only dares to work at night," say the locals who laugh at the idea of the communists returning. Outside the town, which is south of the capital Tirana, gangs of children flash the victory sign, the symbol of the opposition Democratic Party. Communist banners are nowhere to be seen – until one drives to Fier, where the communists won all 19 parliamentary seats.

Fier is reminiscent of Tirana eight months ago, just before the repression of four decades was lifted.

The police are everywhere. They stopped journalists after a visit to the local headquarters of the Democratic Party. Its leaders say the APL successfully intimidated potential opposition voters.

Despite its electoral defeat, the opposition is hopeful support for the communists will collapse in Fier, and indeed in other rural regions, as the country plunges deeper into economic and political chaos.

Mr Victor Margile, the local Democratic Party leader, said Albania should not receive badly needed foreign aid.

"We'll eat grass, if we have to," he said, repeating a slogan from the Hoxha era, when prosperity and foreign loans were scorned as subjugation to the west.

Germans try to salvage industrial relics in the east

The past weighs heavily as politicians set out to revive hope in a blighted region, reports David Marsh

ROLLING along rutted roads in east Germany at the weekend in his armour-plated Mercedes, Mr Hans-Dietrich Genscher, German foreign minister, allowed himself a drift down memory lane.

Mr Genscher travelled back to his native town of Halle, accompanied by President Richard von Weizsäcker, to fly the flag of national solidarity in a region hard hit by the prospect of job cuts in the east German chemicals industry.

During the car journey, Mr Genscher reminisced about his youthful wartime stint in anti-aircraft batteries and said he long pondered why Halle was never the target of full-scale Anglo-American bombing.

The answer was given, he said, when he read in an English newspaper in 1947 or 1948 that Halle was selected for eventual dropping of an atom bomb. Ruminating on the consequences if fighting had gone on longer than May 1945, he said: "We were lucky."

The Buna and Leuna chemical plants, built around lignite fields south of Halle, also were only lightly bombed, despite strategic significance. One of east Germany's problems is that they are still largely intact today. As a result, people from the Halle region are fighting another battle to ensure these decaying industrial relics do not disappear altogether in east German restructuring.

Mr von Weizsäcker and Mr Genscher toured the Leuna works, which looks like a giant rusting Meccano set, and listened to management and union representatives plead for more money to shore up the plant's future. Today the Treuhand, the agency in charge of east German industry, is due to spell out plans for fresh investment at Leuna and Buna - seen as an important vote of confidence in the region.

The Leuna works, built in 1916 by BASF, the German chemicals group, has cut its workforce to 20,000 from 27,000, with many working short-time. The number of employees is due to fall further to 14,000.

The oldest section of the plant, the 75-year-old ammonia production unit, has just been closed. Buna has lost 5,000 of its former 18,000 workers and is due eventually to have only 8,000 employees.

Mrs Dagmar Szabados, Halle's acting mayor, said the visit was "a sign that there is willingness to do something" about the region's problems. Recent government assurances that the east German chemical industry will not be allowed to die were "a step in the right direction." Many local people suspect the big west German chemical groups want Leuna and Buna completely shut to increase their market share.

Mr Wolfgang Weise, head of Leuna works council, said he is hoping for a DM400m investment boost from the Treuhand today. Co-operation has already been agreed with Germany's Linde in industrial gases and BP in refining.

At a press conference in Halle's medieval town hall, set on a market square tinged with the ugly architectural residue of 40 years of communism, Mr von Weizsäcker pleaded for Germans to strike a balance between over-optimism and painting the future of east Germany too black. "Challenges are not just economic but psychological," said the president, underlining that the shadows over east Germany's blighted industrial landscape will take a long time to dissipate.

Germany's Federal Labour Office may not be able to spend the DM5.3bn (£1.78bn) earmarked for job creation schemes in east Germany this year because of inadequately organised local authorities, according to Mr Heinrich Franke, its president, writes David Goodhart in Bonn.

In an interview with Wirtschaftswoche business magazine, Mr Franke also revealed that 300,000 east Germans were expected to commute to work in west Germany in 1991 and nearly 200,000 to settle there permanently.

Meanwhile orders received by German industrial enterprises fell sharply in February. The steep rise in domestic orders which began last summer now appears to have ended, while foreign orders were also down.

Moscow struggle over police job

By John Lloyd in Moscow

THE SOVIET central government has clashed with the Russian Federation over appointment of a new Moscow police chief, in the first moves in a power struggle as Mr Boris Yeltsin prepares to strengthen his own role through direct election as Russia's president.

Mr Boris Pugo, the Soviet interior minister, yesterday annulled an order by his Russian counterpart to appoint the radical Militia Lieutenant General Vyacheslav Komissarov as head of the main department of internal affairs for Moscow.

Instead, he confirmed the powers of Lt Gen Ivan Shilov, his first deputy minister, as acting head of Moscow's police. Gen Shilov was appointed late last month, as Soviet President Mikhail Gorbachev stripped Moscow of its police powers after Moscow City Council had refused to accept a ban on a pro-Yeltsin demonstration.

The moves come as Mr Yeltsin and Mr Gorbachev enter a two-month period of heightened tension, with Mr Yeltsin preparing to stands for election as Russia's president and so take on the mantle of the country's real leader.

Poles ready for easier travel

By Christopher Bobinski in Warsaw

MANY POLES were preparing yesterday to cross their western frontier, as Germany, Italy, France and the Benelux countries were due to lift visa requirements from midnight.

The decision, covering stays of up to three months, is a sign to Poles that barriers between East and West are coming down. Business will also be easier, especially for small private traders who import a growing amount of consumer goods from retailers in Berlin, 100km from the Polish frontier.

Last year, Poles crossed their western frontier 20m times. This figure is expected to double or treble in 1991 as a result of the visa decision.

However, there will be delays at under-staffed customs posts as officials search for such goods as alcohol and tobacco, meant for sale in the West, and seek to stop third world citizens hoping to slip into the EC through Poland.

● The Porozumienie Centrum, a right-of-centre party with origins in Solidarity, and its allies urged voters at the weekend to press MPs to resign, in a bid to bring about early parliamentary elections.

New offensive presses for decision on location of pivotal European watchdog

Commission tries to resolve dispute over environment agency

By David Gardner in Brussels

THE European Commission is launching a new offensive to settle the fight over where to locate the European Environment Agency (EEA), yet to be set up although EC member states agreed to create it a year ago.

Mr Carlo Ripa di Meana, EC environment commissioner, plans to publish a report on the fiasco this month. This is mainly intended to embarrass member states into resolving the squabble over who hosts Community institutions, a row to which the EEA has fallen casualty.

Commission officials say the vexed "question of the seats" of EC bodies may also be raised in the margins of the special European Council of heads of state in Luxembourg today, called to discuss the consequences of the Gulf war for the Community and EC foreign policy co-ordination.

The main obstacle to finding a seat for the EEA is France's insistence that the member states make up their minds to confirm Strasbourg as the permanent home of the European Parliament. Belgium, along with most members of the parliament would like the Strasbourg assembly moved to Brussels, alongside the Commission and the European Council. Competition for the EEA itself is much less fierce, with Copenhagen and Madrid front-runners to house it.

France's de facto veto has been reinforced by the unwillingness of its partners to become embroiled in the dispute over "the seats"; the issue was bounced from the agenda of the last European summit in Rome in December.

Brussels sees the agency as the linchpin for the ambitious environmental plans it has for the next two years

"To have here blackmail - and that is the word to be used - is not acceptable," insists Mr Ripa di Meana, who says his report will also be pitched as an appeal over the heads of EC governments to the people they represent.

The Italian environment commissioner underlined in an interview that there had been no dispute over the siting of the European Bank for Reconstruction and Development in London. "It is clear that (EC) governments value a bank more than the environment," he remarked.

Mr Ripa di Meana argued that few of his legislative ambitions can be realised without the EEA. The agency's core job will be to gather accurate statistics on and monitor the EC environment. But, he said, it was also the key to priority measures, including:

- "Eco-labelling", a plan to institute an awards system for environment-friendly products, which "it would be very difficult to put into practice without the agency," the commissioner believes.
- Plans to introduce annual environmental audits for industry. On current thinking these would be largely voluntary, but compulsory for larger companies with interests in high "eco-risk" sectors such as chemicals.
- The regular updating of existing directives, which the Commission plans to do more aggressively in the light of technological advances.
- Co-ordination of environmental support to eastern and central Europe, which, Mr Ripa di Meana argues, will be "utterly dependent on the agency."

Ripa di Meana: plans to publish report on fiasco this month

Signs of a compromise over Italian constitution

By Haig Simonian in Milan

ITALY'S prime minister, Mr Giulio Andreotti, will today send draft proposals for a new government programme to his coalition partners, after weekend meetings revealed a measure of agreement on the priority of reforming the constitution.

The signs of consensus have pushed back the prospect of early polls and opened the way to a new Andreotti government, his seventh, being formed possibly this week. The new coalition would involve the same five parties, whose differences led to the collapse of Italy's 49th post-war administration last month, but would entail a reshuffle.

It is not yet clear if the parties, notably Mr Bettino Craxi's Socialists, whose insistence on institutional reform triggered the crisis, will be able to reach agreement once talks start on Wednesday.

The latest draft proposals suggest a two-speed timetable on institutional reform, with some issues being given priority in the remaining year of the present legislature. Others would be left to fuller discussion in the next parliament.

Priority will be given to simplifying the procedure for constitutional reform, which at present requires majorities in both houses of parliament, followed by re-confirmation after at least three months. The parties seem united on reforming the present system and finding a clearer voice for regional interests, but the presidency's future is still uncertain.

Graduates take rites of passage into Japanese corporate life

Emiko Terazono takes a look behind the scenes of the annual round of induction and training programmes staged by Japanese companies for the new influx of receptive and enthusiastic graduate recruits

"Stand, bow, sit," ordered a senior personnel manager to the rows seating 1,355 men and women entering the Kyowa Saitama Bank at an induction ceremony held in the banquet hall of a large Tokyo hotel last week.

The ceremony was being repeated thousands of times across Japan, but it was particularly important for Kyowa Saitama Bank, a result of a merger between Kyowa Bank and Saitama Bank, two medium sized Japanese city banks. It was the first day of the bank's existence and these were its first new recruits.

After rehearsing the standing, bowing, and sitting, the young recruits, sat solemnly in their newly-bought dark suits through the 25 minute ritual.

Like others of the 1.17m young Japanese who started their corporate lives last Monday, the new Kyowa Saitama employees will begin their careers with an induction training programme.

At Kyowa Saitama they will learn everything the aspiring businessman needs to know – including the proper manner for exchanging name cards to just how to count paper money. Japanese companies prefer graduates to trained professionals, who are considered tainted with the colour of their previous company.

Among other things, the Kyowa Saitama recruits will discuss the future of the bank 10 years from now. "It is important that the new entrants understand the meaning of loyalty to one's company, and to acknowledge that they are going to be creating the company," says a Kyowa Saitama official in charge of the training programme.

A former Saitama bank employee recalls singing the bank song every morning for the training period, and was told continuously to be proud of being a Saitama Bank employee. The induction programme for one former Bank of Tokyo employee lasted two weeks, and centered around group activities.

He explained that the entire programme and activities aimed at enforcing unity among the 100 *douki*, or colleagues who enter the company in the same year. However, there was also a strong element of competitiveness with an emphasis that there always be rivalry between the *douki*.

Explaining the details of his induction, he said: "We were divided up into ten groups and took part in a day-long orienteering race around Mount Fuji. Deciding which routes on the map the group would take, was to prepare us for collective decision making, something that the Japanese are famous for." Later, we spent a whole day practising writing numbers, sitting in rows with pencils in hand as in kindergarden."

"I was shocked when a male personnel manager took just the female recruits aside and warned us that intra-company romance could threaten our careers. He told the women that two career-track employees marry, one would have to resign. He seemed quite apologetic for this statement and added that he didn't want to say this but was told to by his boss."

"We were also sent out into the downtown areas of Tokyo to ask people in the street what they though about the Bank of Tokyo. Apparently this exercise was to enhance our awareness of ourselves as Bank of Tokyo employees, and possibly to provide free advertising for the bank."

While opinion polls show that fewer and fewer young people intend to spend their whole careers with one employer, companies still believe that the tradition of lifetime employment remains a foundation of corporate Japan.

The former Bank of Japan employee spoke of the commitment and loyalty expected by the company which provides the often lengthy training programmes. Many people consider someone who leaves the company after training a traitor, he said.

Brussels opens door to let Cinderella industry come in from the cold

An insurance liberalisation plan is generating keen competition in countries where part is already in place, writes Richard Lapper

THE INSURANCE industry has long played poor relation in the European Community's efforts to create a single financial services market, with the more glamorous worlds of banking and the stock markets hogging most of the attention in Brussels.

However, things have begun to change. One plank of an ambitious liberalisation programme, the second directive for life and non-life insurance, is already in place and is generating keener competition in the half dozen or so EC countries where it has so far taken effect.

At present, the directive frees only the sale of industrial risks cover to medium-size and large companies. But eventually it will also extend to sales of personal lines of insurance to individuals throughout the Community

The European Commission hopes the Council of Ministers will approve three further directives in the next year. One would harmonise accounting standards. Two others would establish a "single licence", allowing suppliers of life and non-life insurance to operate freely across the EC.

Most member states would have until 1994 or 1995 to implement the new rules, though Portugal, Spain, Ireland and Greece would be given until later in the decade.

Competition for the custom of medium-sized companies has intensified as insurers have reduced rates in order to make inroads into other European markets.

In France and Germany, rates for industrial fire risks have slumped as insurers battle to retain market share, while in Britain, Royal Insurance says it lost 11 per cent of its motor fleet business to competitors last year.

Mr Michael Butt, chief executive of Britain's Eagle Star, has accused French nationalised companies of underpricing to win business in the UK. But according to Mr Tony Wyand, finance director of Commercial Union, companies are simply gearing up for the prospect of even stiffer competition in the future.

The planned life and non-life directives aim to expand cross-border trading further by allowing insurers to operate anywhere in the EC under the rules and supervision of their home country, rather than those of the countries in which they do business.

In most continental countries, regulation is more conservative than in Britain and is particularly tough in the retail area. German regulators, for example, insist on approving the wording of all policies, to protect the interests of policy-holders. Regulators in many member states also limit the amount of funds an insurer may invest in equities.

In the short term, the Commission believes its planned directives should benefit companies from countries with less burdensome regulations, such as the UK. Over the longer term, increased competition is expected to lead to harmonisation of regulatory frameworks across the Community.

However, national cultural, tax and other peculiarities mean that many imperfections will remain in the European market.

THE EUROPEAN MARKET

Ironically, these seem likely to work mainly to the disadvantage of the UK insurance industry, which once believed that its keen prices and record of product innovation would enable it to dominate its competitors on the Continent.

In many countries, EC liberalisation is unlikely to stop consumers buying life, home and motor insurance through traditional distribution channels. Most French, German and Italian companies all have well-established networks of local agents over which they exercise tight control.

Although leading British companies dominate house insurance through their links with building societies, their market is more open. Brokers, who sell the policies of those companies which offer best value, play a much bigger role. Brokers are also active in Ireland and the Netherlands.

The insurance accounts directive should make the EC market more transparent, though not necessarily more even. Accounting practices in continental Europe emphasise prudential considerations, allowing companies to offer the most cautious and conservative interpretation of their performance.

The directive would oblige companies to state the value of their assets at market as well as historic costs. But it will not affect differing national tax regimes, which influence the way insurers set their reserves.

Most European companies make a special class of tax-deductible provisions, known as equalisation or catastrophe reserves, against future large losses. But in the UK, tax authorities allow companies to deduct only a much narrower class of provisions against future claims from their tax bills.

"Provisions made against exactly the same expected claims would attract greater tax relief for a German company than for its UK competitor," says Mr Jeremy Dickson, a partner with accountants Coopers & Lybrand Deloitte. Hence, French and German companies would have greater scope to win market share by competing aggressively and writing business at uneconomic rates.

Worse still for British companies, UK tax authorities appear to have embarked on a campaign to compel them to discount their reserves by reducing these by the value of future expected investment, further increasing the tax take.

Commercial Union is in a bitter dispute with the Inland Revenue. According to Mr Peter Foster, CU's financial controller, "the Revenue is looking at the North American practice when they should be looking at Europe. Far from creating a level playing field, they're actually trying to widen the gap."

Finally, the single market process leaves untouched, at least in the short term, the differences in the way UK and Continental companies are capitalised. British companies frequently find their scope for long-term expansion is circumscribed by the need to produce constantly increasing dividends for institutional shareholders. The shareholders of asset-rich Continental companies tend to be less interested in short-term profits and more sympathetic to a long-term strategic approach to the business.

Mr Rolf Huppi, chief executive of Zurich Insurance of Switzerland, established in a number of EC countries, says his country's insurance industry, like those in France and Germany, has only been able to expand internationally because it is not "short-term oriented". Of UK insurance managers, he says: "I see some of my colleagues bleeding to death because every quarter they have to extract pennies out of their results to cater for the market."

NATIONAL ACCOUNTS

Figures for GNP/GDP are in billions of the appropriate national currency for the US, Germany, France and the UK, and in trillions for Japan and Italy. The first breakdown is in current prices and the second shows growth rates in the constant price series.

UNITED STATES

CURRENT PRICES	Gross National Product	Private Cons. (as a % of GNP)	Private Invest. (as a % of GNP)	Govt. Spend. (as a % of GNP)	Net Exports (as a % of GNP)
1984	3,772.2	64.4	17.6	19.5	-1.6
1985	4,014.9	65.5	16.0	20.4	-1.9
1986	4,231.6	66.1	15.6	20.6	-2.3
1987	4,515.6	66.6	15.5	20.4	-2.5
1988	4,873.7	66.4	15.3	19.7	-1.5
1989	5,200.8	66.3	14.8	19.7	-0.9
1990	5,463.0	67.0	13.6	20.1	-0.7
1st qtr 1990	5,375.4	66.8	14.0	19.9	-0.6
2nd qtr.1990	5,443.3	66.6	14.0	20.0	-0.5
3rd qtr.1990	5,514.6	67.0	13.9	20.0	-0.6
4th qtr.1990	5,521.3	67.6	12.8	20.5	-0.6
CONSTANT PRICES (% growth in)	GNP	Cons.	Invest.	Govt.	Exports
1984	6.8	4.8	30.6	4.4	6.8
1985	3.4	4.7	-3.2	7.9	2.3
1986	2.7	3.9	0.4	4.2	4.4
1987	3.4	2.8	4.6	2.3	13.8
1988	4.5	3.6	5.5	0.2	18.3
1989	2.5	1.9	1.6	2.2	11.0
1990	0.9	1.0	-3.7	2.8	6.8
1st qtr 1990	1.3	1.5	-2.3	1.9	9.0
2nd qtr.1990	1.0	1.3	-2.6	2.4	4.5
3rd qtr.1990	1.0	0.8	-3.5	3.3	6.4
4th qtr.1990	0.4	0.3	-7.0	3.6	4.9

JAPAN

CURRENT PRICES	Gross National Product	Private Cons. (as a % of GNP)	Total Invest. (as a % of GNP)	Govt. Cons. (as a % of GNP)	Net Exports (as a % of GNP)
1984	301.0	59.3	28.0	9.8	2.9
1985	321.6	58.7	28.0	9.5	3.7
1986	335.8	58.4	27.7	9.6	4.3
1987	350.5	58.4	28.4	9.4	3.7
1988	373.7	57.6	30.4	9.1	2.9
1989	398.7	57.3	31.5	9.1	2.1
1990	428.6	55.8	32.9	8.9	1.4
1st qtr 1990	418.3	57.0	31.8	8.9	2.2
2nd qtr.1990	426.9	57.0	33.0	8.8	1.1
3rd qtr.1990	430.9	56.7	33.5	8.8	1.0
4th qtr.1990	438.3	56.3	33.4	9.1	1.2
CONSTANT PRICES (% growth in)	GNP	Cons.	Invest.	Govt.	Exports
1984	4.3	2.8	5.8	2.7	14.8
1985	5.2	3.4	6.5	4.2	6.4
1986	2.6	3.4	4.3	5.5	-5.4
1987	4.3	4.2	8.2	1.8	4.6
1988	6.3	5.3	14.2	3.7	10.7
1989	4.7	4.4	9.1	6.0	15.0
1990	5.6	4.1	10.1	1.4	10.8
1st qtr 1990	5.4	4.2	8.5	1.6	17.4
2nd qtr.1990	6.9	6.3	11.3	0.9	14.5
3rd qtr.1990	6.5	4.1	11.4	1.5	5.9
4th qtr.1990	4.7	7.8	9.1	1.5	5.6

GERMANY

CURRENT PRICES	Gross National Product	Private Cons. (as a % of GNP)	Total Invest. (as a % of GNP)	Govt. Cons. (as a % of GNP)	Net Exports (as a % of GNP)
1984	1,770.0	56.7	20.4	19.8	3.1
1985	1,844.3	56.3	19.6	19.8	4.3
1986	1,945.2	54.9	19.5	19.7	5.9
1987	2,015.8	55.1	19.6	19.7	5.6
1988	2,123.2	54.4	20.4	19.4	5.8
1989	2,261.4	53.6	21.6	18.5	6.3
1990	2,443.8	52.8	22.4	18.8	6.5
1st qtr 1990	2,400.8	53.2	21.6	18.4	6.8
2nd qtr.1990	2,408.4	53.2	22.4	18.3	6.0
3rd qtr.1990	2,474.4	52.5	22.1	18.1	7.5
4th qtr.1990	2,491.6	52.9	23.6	18.3	6.2
CONSTANT PRICES (% growth in)	GNP	Cons.	Invest.	Govt.	Exports
1984	3.3	1.5	3.0	2.4	8.0
1985	1.9	1.4	-2.0	2.1	6.8
1986	2.3	3.4	4.8	2.6	0.1
1987	1.6	3.3	2.6	1.6	0.9
1988	3.7	2.7	7.9	2.3	5.7
1989	3.9	1.7	8.8	-0.9	11.5
1990	4.5	4.2	8.8	2.6	9.6
1st qtr 1990	4.5	4.2	9.4	1.9	9.6
2nd qtr.1990	3.4	4.4	7.5	1.4	2.3
3rd qtr.1990	5.5	4.1	12.7	2.5	11.9
4th qtr.1990	4.8	4.0	6.2	4.7	14.9

FRANCE

CURRENT PRICES	Gross Domestic Product	Private Cons. (as a % of GDP)	Total Invest. (as a % of GDP)	Govt. Cons. (as a % of GDP)	Net Exports (as a % of GDP)
1984	4,381.9	60.5	19.0	19.9	0.4
1985	4,700.1	60.8	18.9	19.6	0.7
1986	5,052.5	60.2	19.7	19.3	1.0
1987	5,320.8	60.7	20.0	19.1	0.2
1988	5,692.7	60.1	21.0	18.8	0.1
1989	6,098.9	59.8	21.3	18.6	0.4
1990					
1st qtr 1990	6,320.0	60.1	21.0	18.4	0.5
2nd qtr.1990	6,404.0	60.0	21.1	18.5	0.4
3rd qtr.1990	6,495.6	59.9	22.0	18.4	-0.4
4th qtr.1990					
CONSTANT PRICES (% growth in)	GDP	Cons.	Invest.	Govt.	Exports
1984	1.3	1.1	-2.4	1.1	7.0
1985	1.9	2.4	2.8	2.3	1.9
1986	2.3	3.7	9.0	1.7	-1.1
1987	2.4	3.0	5.0	2.8	2.7
1988	3.9	3.2	7.4	2.8	8.3
1989	3.7	3.1	4.7	1.6	10.9
1990					
1st qtr 1990	2.9	3.3	1.9	2.1	7.7
2nd qtr.1990	2.1	3.6	0.5	2.0	2.0
3rd qtr.1990	2.8	2.5	8.5	2.5	5.1
4th qtr.1990					

ITALY

CURRENT PRICES	Gross Domestic Product	Private Cons. (as a % of GDP)	Total Invest. (as a % of GDP)	Govt. Cons. (as a % of GDP)	Net Exports (as a % of GDP)
1984	727.2	62.3	23.0	16.5	-1.8
1985	812.7	62.8	22.5	16.7	-1.9
1986	897.3	62.4	20.7	16.5	0.4
1987	976.9	62.6	20.8	17.0	-0.3
1988	1,082.9	61.9	21.4	17.3	-0.6
1989	1,168.0	62.0	21.6	17.0	-0.7
1990					
1st qtr 1990	1,264.4	61.9	21.6	17.0	-0.8
2nd qtr.1990	1,283.2	62.0	20.6	17.2	-0.1
3rd qtr.1990	1,300.5	62.4	21.2	16.9	-0.5
4th qtr.1990					
CONSTANT PRICES (% growth in)	GDP	Cons.	Invest.	Govt.	Exports
1984	3.0	2.1	10.1	2.5	7.3
1985	2.6	3.1	1.5	3.5	3.9
1986	2.5	3.8	0.2	2.9	3.8
1987	3.0	4.2	6.7	3.7	3.3
1988	4.2	4.1	7.8	2.8	4.8
1989	3.2	3.8	4.0	0.5	10.1
1990					
1st qtr 1990	3.0	3.1	4.3	0.9	7.9
2nd qtr.1990	1.8	3.0	2.8	0.9	6.4
3rd qtr.1990	1.8	2.6	4.5	1.6	2.7
4th qtr.1990					

UNITED KINGDOM

CURRENT PRICES	Gross Domestic Product	Private Cons. (as a % of GDP)	Total Invest. (as a % of GDP)	Govt. Cons. (as a % of GDP)	Net Exports (as a % of GDP)
1984	324.9	61.4	17.3	21.6	-0.2
1985	356.3	61.2	17.2	20.7	0.9
1986	383.5	63.1	16.9	20.7	-0.7
1987	421.5	63.0	17.8	20.3	-1.1
1988	467.3	63.7	20.2	19.7	-3.5
1989	508.9	64.2	20.1	19.5	-3.8
1990	543.9	63.5	19.0	20.0	-2.6
1st qtr 1990	534.2	64.3	19.7	19.4	-3.4
2nd qtr.1990	534.8	63.3	19.5	20.2	-3.0
3rd qtr.1990	548.1	63.6	18.3	20.2	-2.1
4th qtr.1990	552.7	62.7	18.6	20.2	-1.5
CONSTANT PRICES (% growth in)	GDP	Cons.	Invest.	Govt.	Exports
1984	1.6	1.6	7.8	0.9	6.6
1985	3.7	3.6	3.5	0.0	5.9
1986	4.0	6.3	1.7	1.8	4.6
1987	4.6	5.1	10.5	1.3	5.7
1988	3.9	6.9	17.5	0.6	0.3
1989	1.9	3.9	1.9	0.6	4.5
1990	0.7	1.0	-5.4	1.7	4.8
1st qtr 1990	1.8	2.4	-6.0	2.2	7.5
2nd qtr.1990	2.4	1.9	-4.2	4.4	8.4
3rd qtr.1990	0.3	1.1	-6.8	-0.2	2.3
4th qtr.1990	-1.4	-1.5	-3.1	0.6	1.4

Seasonally adjusted data used in all cases. GNP/GDP is broken down into private consumption expenditure, investment (the sum of gross fixed capital formation and the change in stocks), general government final consumption, and net exports (exports of goods and services minus imports of goods and services). The US includes investment by government in the government series rather than under investment. Quarterly GNP/GDP totals are annualised. The growth rates are the percentage change over the corresponding period in the previous year, and are positive unless otherwise stated. The figures in the fifth column of each set of growth rates refer only to exports, rather than to net exports. Statistics for Germany apply only to western Germany. Data supplied by Datastream and WEFA from national government sources.

National accounts of the six main industrial countries

THE PATTERN of world economic activity changed significantly over the past year. After seven years of sustained economic growth the US has slipped into recession, while Japan and Germany have continued to grow relatively strongly. Meanwhile the large trade deficits and surpluses that characterised the world economy throughout the 1980s have become much less significant as a proportion of each country's national output.

These and many other economic trends can be spotted in the National Accounts table (above). This presents a summary of the national accounts of the six largest industrialised countries between 1984 and 1990, including data for the four quarters of 1990, where available.

Germany's national accounts refer to the western Länder. Data for the whole of Germany will be substituted when they become available.

The upper section of the table presents the most commonly used measure of national output and its components, in current prices, for each of the six countries. For the US, Japan and Germany this measure is gross national product; for France, Italy and the UK it is gross domestic product. Net property income from abroad is included in GNP, but excluded from GDP. This makes little difference, in practice, for industrial countries.

The total value of national output is equal to the value both of aggregate income and expenditure. The components of national output can therefore be presented in one of three ways – by category of output, by type of expenditure or by recipient of income.

The table above shows broad categories of expenditure. These categories are listed as a percentage of total GNP or GDP in each period. They are:

- Private consumption of goods and services – the total value of all private consumption by individuals and companies.
- Gross investment, including depreciation: purchases of residential property by households; fixed investment by companies and governments; and the increase in the value of stocks of finished and unfinished goods held by companies, which are counted as investment for accounting purposes.
- Government consumption of goods and services.
- Net exports – the total value of exports minus the total value of imports.

NEW ECONOMIC STATISTICS

A new weekly series of key world economic indicators begins today. These will appear on the foreign pages and provide in-depth statistical coverage of the world's six largest market economies, accounting for more than 80 per cent of OECD output and almost 50 per cent of world trade.

This feature, to be published every Monday, will provide readers with a comprehensive account of trends in the world's major economies.

The series consists of five tables, each covering a different broad category of economic activity.

The National Accounts table, published today, will normally appear only once every three months, because of the relative infrequency of revisions. A four-weekly cycle of four tables will present indicators for the Balance of Payments, Money and Finance, Prices and Competitiveness, and Production and Employment.

Each week an article with the table will explore an aspect of the world economy, while an accompanying chart will highlight trends in the data.

Every effort will be made to include the most up-to-date statistics for each country. The data themselves will be drawn from national sources, the OECD, the IMF and UBS Phillips and Drew, supplied by Wharton Economic Forecasting Associated (WEFA) and Datastream.

As far as possible published statistics will also be comparable across countries.

Unavoidable differences in definition and coverage across countries will be detailed in accompanying footnotes.

Exports have to be included, since they are a part of total output and generate incomes for domestic residents, despite the fact that they are consumed abroad. Meanwhile, imports have to be subtracted, since they are not part of national output. If the value of exports exceeds that of imports then net exports, or the trade balance, is in surplus. Positive net exports are a net addition to national output.

Not all countries classify expenditures in the same way. Most importantly, the US includes government investment in government consumption rather than gross investment. Consequently, comparisons of aggregate investment and government consumption cannot be made between the US and other countries.

A frequent source of confusion arises over the difference between the sum of government consumption and investment, on the one hand, and total government spending, on the other. A major component of government spending in advanced industrial countries is transfer payments, namely, unemployment benefits and other forms of welfare payments. These do not appear as government spending in the national accounts. Because these transfers are spent by the recipients, they count as private rather than as government consumption.

The lower half of the table shows real growth rates for GNP or GDP and private consumption, investment and government consumption. Real growth rates are calculated using a constant price series, which removes the effects of inflation. The final column for each country shows growth rates for exports rather than for the trade balance, since the latter would be both highly volatile and uninformative.

The reduction in trade deficits and surpluses over the last few years is quickly apparent from the upper half of the table. The US trade deficit has fallen, as a share of GNP, from 2.5 per to 0.8 per cent, between 1987 and the fourth quarter of 1990. The Japanese trade surplus has fallen from 3.7 per cent to 1.2 per cent of GNP over the same period.

One striking feature of the lower half of the table is the divergence in growth rates that has developed over the past year. US economic growth slowed from 4.5 to 0.9 per cent between 1988 and 1990, while economic growth in the UK slowed from 3.9 to 0.7 per cent. In west Germany, by contrast, economic growth rose over the same period from 3.7 to 4.5 per cent.

Edward Balls and Jill Leyland

INTERNATIONAL NEWS

Stephen Fidler reports on the meeting of the Inter-American Development Bank

Optimism on Peruvian arrears plan

SENIOR finance officials from industrialised countries expressed optimism yesterday about plans to wipe out Peru's huge payments arrears to international financial institutions. But they said the means of achieving this was very complicated, in view of the size of the backlog, and success was not guaranteed.

Peru is $2.1bn behind in interest payments to the International Monetary Fund, the World Bank and the Inter-American Development Bank. Until this is cleared, Peru will be denied access to loans by the institutions.

President Alberto Fujimori of Peru made an impassioned plea at the IADB meeting here yesterday for "rapid and effective assistance" to his country. The Peruvian people had suffered from inflation, terrorism and drug-trafficking – now a cholera epidemic had already cost an estimated $1bn.

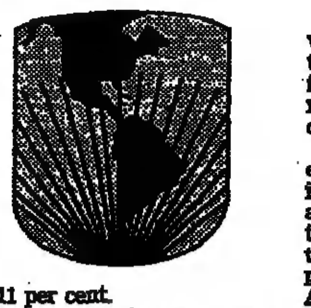
He was particularly seeking help from the international financial institutions. Mr Fujimori attended a meeting yesterday of more than a dozen countries friendly to Peru. These will be expected to provide financial support by way of short-term bridging loans and long-term financial aid. The US is willing in principle to lead a support group if the plan wins acceptance.

Mr Ryutaro Hashimoto, Japanese finance minister, said Japan would look favourably on requests for help, but that would depend on Peru's economic reforms and not on Mr Fujimori's Japanese ancestry.

Mr David Mulford, US Treasury under-secretary, said a lot of work had already been done on the proposal, but much more was needed. However, he did not rule out Peru's becoming eligible for IADB loans this year by paying off the $357m in interest arrears.

Then, stage by stage, it might be able to erase arrears to the World Bank (about $900m), and the IMF (about $800m). This sequential repayment runs counter to usual policy – all the institutions insisting on being repaid together. This is likely to be controversial since funds from one institution will be seen as partly repaying others.

Latin American poverty 'deepened' by reforms



ECONOMIC reform programmes in Latin America have worsened poverty in the region, according to the Inter-American Development Bank.

"Drastic fiscal adjustment, inflation and stabilisation programmes have unquestionably exacerbated the problems of poverty existing at the beginning of 1990," the bank says in its annual report, published yesterday.

Per capita consumption in the region declined and attempts to keep government budgets in check have reduced state assistance for health, nutrition, education and housing, it says. This has reinforced the need to combine economic reform with programmes to improve the living conditions of the poorest.

Latin America and the Caribbean suffered economic contraction last year, bringing to an end several years of growth. Gross domestic product in the region declined by 0.8 per cent last year, compared with growth of 0.9 per cent in 1989. The main reason for the contraction was recession in Argentina, Brazil and Peru, which represent about 55 per cent of the region's GDP.

In Argentina the economy shrank by 2 per cent, in Brazil by 4 per cent, and in Peru by 6 per cent. Peru's economy has contracted by a quarter in three years; that of Argentina by 11 per cent.

However, despite the short-term costs of economic reform, the bank says that offers the best hope for growth in the medium to long term. The report cites a bank study suggesting that a policy of continuing policy reform – increasing the openness of economies, restructuring public sectors and revitalising private sectors – may allow growth in the region to accelerate to about 5 per cent a year by the end of this decade.

This would lead to a halving of interest payments as a proportion of exports, from the present 25 per cent, even with a moderate increase in the volume of debt. If reforms already made were reversed, the growth rate would drop to 2.3 per cent during the 1990s. This would be better than the average 1.1 per cent of the previous decade, but would allow no increase in average per capita income levels.

The report also remarks on a worsening of the region's inflation in 1990, although inflation fell substantially in the final months of the year in some countries.

According to the report, export growth in Latin America continues to lag behind the average for developing countries. Import volumes by industrialised countries grew by 5.5 per cent last year, but Latin American export growth reached only 4 per cent, compared with 8 per cent in Asian developing countries.

Despite the Brady initiative by the US, aimed at reducing the debt of developing countries, the region's debt grew last year, but by a modest $3.5bn. The main reason was a growth in interest arrears to creditors. These grew by $10bn to $27bn last year, accounting for 6 per cent of the total debt. The decline of the dollar added a further $3bn to the total.

At the end of last year, three countries were in what is called no-accrual status with the IADB, having let payment arrears build up for more than 180 days: Peru with $160m overdue, Panama with $92.8m, and Nicaragua with $15.1m. The report shows new loan approvals by the bank in 1990 rose to $3.9bn, from about $2.7bn the year before, but disbursement of funds dropped slightly to $2.5bn.

Japan warning on debt write-offs

JAPAN'S finance minister, Mr Ryutaro Hashimoto, said yesterday that countries which have their foreign debts forgiven by the Japanese government will be in danger of losing access to new Japanese finance.

He mentioned no country by name, but his comments followed an unprecedented agreement last month by which foreign governments agreed to write off at least half of Poland's official debt. Japan participated reluctantly.

Mr Hashimoto, in Nagoya for the annual meeting of the Inter-American Development Bank, appeared to suggest that countries which win official debt forgiveness from Japan will not receive new loans. If Japanese government loans were not to be repaid, "then it will become extremely difficult for Japan to provide new lending to that country," he said.

Even for countries undergoing profound economic reform supported by the International Monetary Fund and the World Bank, it "would not be easy for Japan to agree to take the option of official debt reduction."

Japanese banks in recent debt reduction agreements with Latin American countries appear to have adopted a similar position. No Japanese bank was among the large number of banks that agreed, for instance, to make new loans in Venezuela's recent debt restructuring.

Hashimoto: Misgivings

Brazil to resume coffee exports

By Victoria Griffith in São Paulo

BRAZILIAN coffee exports are to open for registration today, ending a two-week suspension that wreaked havoc in the coffee market. The government, which announced the move late on Friday, denied there had been any insider trading shortly before the suspension on March 21.

A special commission had been formed to investigate allegations that some exporters had registered large amounts of coffee just before registrations closed.

Coffee organisations claimed these exporters had used inside information to take advantage of an expected price rise after the announcement.

Only four people – Ms Zélia Cardoso de Mello, economy minister; Ms Silvia Faria, her press officer, Mr Ricardo Mesquita, coffee supply and prices director, and Mr Edgar Pereira, economy secretary – were officially privy to the decision to suspend exports. They deny having leaked information.

But a piece by journalist Patricia Saldanha, of the news agency Unicom, appeared on the wire a half-hour before the suspension was announced.

The Ministry of Economics announced last week that it was cancelling all registrations made on the 21st, to eliminate any ill-gains made from privileged information.

Coffee registrations are reopening under a modified system. Coffee for export between today and the end of September must be registered either at a fixed price or on a price-fixing basis, for example according to the futures market. Coffee for export between the end of September and January, 1992, must be registered on a price-fixing basis only. The Government hopes the move will avoid speculation in the markets leading up to an international coffee conference in September.

According to the Government, registrations were originally suspended to avoid speculation surrounding Brazil's consideration of a return to an international coffee accord.

Bush and Salinas unite behind US-Mexican free trade effort

By Damian Fraser in Houston

PRESIDENTS George Bush and Carlos Salinas met yesterday in Houston to discuss the rising US Congressional opposition to the proposed free trade agreement by the US and Mexico.

Mr Bush is thought to have confirmed, in the private talks, that getting the agreement through Congress is his main legislative priority this year.

The Congress has until June 1 to deny the president the authority to negotiate the FTA on what is called the fast track, which would let the administration negotiate an agreement that, although subject to Congressional approval, could not be amended. Without this device, the FTA would almost certainly be abandoned.

In recent weeks, prominent Democrats in the US, supported by most US unions and environmental groups, have come out against an extension of the fast-track authority.

On March 27, Mr Richard Gephart, House Democratic majority leader, told Mr Bush he would support the agreement only if it promotes US jobs, preserves the environment and defends the rights of Mexican workers.

The strength of US opposition to the FTA seems to have surprised Mr Salinas, who is clearly anxious lest what is a bigpolitical gamble for his administration not pay off.

In the Dallas Morning News yesterday, he was quoted as saying: "Without the free trade agreement, you will witness millions of Mexicans crossing the border looking for work".

Mr Salinas was also to meet Mr Brian Mulroney, Canada's prime minister, in Ottawa yesterday, in their first meeting since Canada joined the FTA talks in February.

This week, Mr Salinas, accompanied by almost half his cabinet and by many of Mexico's most prominent businessmen, will visit Montreal, Toronto, Boston, Chicago, Austin and San Antonio to promote the FTA. On Thursday, he will give the keynote address of the annual meeting of US newspaper editors at Harvard University.

Mr Salinas will hope to sway some members of the House of Representatives, where the vote is likely to be closer than in the Senate. According the pro-FTA Chamber of Commerce in the US, 97 members are against or inclined against approval for fast-track, 186 are in favour or so inclined, and 129 are undecided.

Fast-track authority looks likely to be approved, but the adminstration will hope that Congress does not split the issue into one on GATT negotiations and another on Mexico.

Also, the two governments may have to promise to include some non-trade provisions, such as references to labour standards and the environment, in the pact. They would probably agree to this if necessary to save the agreement.

Economic notebook, page 17

Earthquakes hit Peruvian cities

By Sally Bowen in Lima

A CHAIN of earthquakes in northern Peru has killed at least 50 people, injured 600 and left thousands homeless.

Between 20 and 30 tremors of varying intensity were registered from late Thursday to Saturday in the northern jungle department of San Martín, which suffered a severe quake almost a year ago. Other tremors were felt in Peruvian coastal cities, including Lima, the capital, as well as in neighbouring Ecuador.

The main quake, just before midnight on Thursday, registered 6.8 on the Richter scale. Its epicentre was some 20 miles north of Moyobamba, the departmental capital, where 12 people are known to have died. The death toll in outlying villages is still uncertain.

After being rocked by a big tremor, Lima and southern coastal cities also suffered black-outs as guerrillas blew up electricity pylons. The black-out in the capital was immediately followed by co-ordinated attacks on half a dozen embassies and about 20 banks.

A car bomb exploded outside the Japanese embassy and a rocket attack was launched against the building housing the British, Israeli and Colombian diplomatic missions. No-one was killed, but there was heavy damage.

Friday night's terrorist activity, the most extensive for many months, came after weeks of relative calm. It was not immediately clear which of Peru's two main guerrilla groups, Sendero Luminoso (Shining Path) or the Tupac Amaru Revolutionary Movement (MRTA) was responsible.

US military chief to visit Salvador today

THE head of the US joint chiefs of staff, Gen Colin Powell, is to visit El Salvador and Honduras today to meet government and military leaders, writes Tim Coone in Managua.

US diplomats said there was "no political message behind the visit". However, it comes during a new round of peace talks between the Salvadorean government and the left-wing FMLN guerillas, begun in Mexico last week amid rising expectations of an imminent cease-fire agreement.

Both sides have stated that this latest round will continue "until agreement is reached". The FMLN has brought four commanders out of the Salvadorean mountains, under UN escort, to attend the talks.

Last month, the guerrillas dropped their insistence that military reforms must precede any cease-fire.

The key issue will be whether the government and armed forces are prepared to recognise FMLN control of considerable tracts of territory.

In Nicaragua, two years passed between an initial ceasefire agreement and final disarming of the Contra rebels.

UK NEWS

Recession continues, report says

By Daniel Green

COMPANIES' sales and profits will continue to fall during the next three months, according to Dun & Bradstreet, the business information company.

Although managing directors are slightly less pessimistic than at the start of the year, it is still too early to say that the UK has begun to climb out of recession.

Employment prospects remain gloomy, with 42 per cent of the 1,300 managing directors interviewed expecting to shed staff, compared with 46 per cent in January.

D&B's quarterly Business Expectations Survey is more cautious than the Confederation of British Industry, which reported on business confidence last week.

While the CBI saw a recovery from preceding lows in confidence indicating that the bottom of the recession was close, D&B emphasises that pessimism is still high. All its measures of optimism are lower than a year ago, including expectations of new orders.

Lower post-tax profits are expected this quarter by 44 per cent of managing directors, against 35 per cent expecting rises. In construction – overall the most pessimistic sector – the figures are 55 per cent and 16 per cent respectively.

A consumer boom before the summer seems ruled out by 42 per cent of retailers expecting lower sales, against 38 per cent seeing an improvement. Higher prices are expected by 68 per cent of retailers, with 8 per cent seeing price cuts. That deals a blow to hopes of a sharp reduction in inflation.

Better news, for the government as well as business, is that exports are poised to increase, especially from the south. D&B interprets that as being in response to the weakening of sterling against the dollar and in anticipation of declines against other currencies.

Spending on advertising remains low. Just 17 per cent of respondents expect to increase their advertising budgets, against 28 per cent planning to spend less.

The most troubled part of the country is the manufacturing-dominated Midlands. The West Midlands is the most pessimistic region on employment, while the East Midlands shows a sharp fall in hopes for exports. London, the south-west and the north-east show the sharpest turnround from pessimism to optimism since the previous survey in January, although on balance the outlook is still negative.

ICI chief calls for better performance

By Charles Leadbeater, Industrial Editor

SIR DENYS HENDERSON, the chairman of Imperial Chemical Industries, has issued the company's managers with a blunt warning that their performance will have to improve markedly for the group to respond effectively to the recession.

Sir Denys, interviewed in the latest issue of the ICI staff magazine, paints a picture of a company in which there has been too much unproductive debate and not enough rigorous monitoring of business performance. He gave further details of the planned restructuring at ICI which was thrashed out during a four-day debate among senior executives before Christmas, after reports from two task forces that had been set up in September.

ICI has instituted a far-reaching overhaul of its management structure and its business portfolio after reporting a 36 per cent decline in pre-tax profits for last year to £977m.

The group has set aside an extraordinary provision of £300m to cover restructuring costs, regrouped its activities into seven business units and launched a review of investment priorities that might lead to a significant reshaping of its activities.

Sir Denys said although ICI had high-quality staff, they had to put more effort into improving performance rather than "eternal debate" about the management structure.

He said: "There is too much of that. This is a time for action – not further philosophical and unproductive debate. Our management approach needs to be simplified, more rigorously performance oriented and lower cost."

Sir Denys disclosed that the chief executives of the main business units felt they had far too little influence over corporate policy. A more rigorous system of financial monitoring will be introduced.

Labour to brief Japan on economic policies

By Daniel Green

MR JOHN SMITH, shadow chancellor of the exchequer, will tell industrialists in Japan on Thursday that a Labour government would encourage increased investment from Japan.

The Keidanren, the Japanese employers' federation, will hear Mr Smith criticise Keynesian economics and monetarism in favour of policies that encourage stability and supply-side strength. He will emphasise Britain's commitment to the European Community and its institutions, particularly the exchange rate mechanism.

Mr Smith will advocate the establishment of a European Central Bank as part of European monetary union, saying that London should be the bank's base and the European Council of Economic and Finance Ministers (Ecofin) should be made responsible for the EC's economic strategy.

In turn, Japanese investment in training will be singled out as a example the UK should follow, as well as the involvement of the finance ministry in monetary policy.

The visit is part of the Labour party's campaign to increase its acceptability to the world's business and financial establishment.

● A further cut in interest rates was urged yesterday by Mr Gordon Brown, shadow trade secretary, to avoid a loss of industrial capacity, Alison Smith writes. Mr Brown said that the latest surveys suggested that the Budget forecasts for output and investment were an underestimate.

FT SATELLITE MONITOR

Growth seen as sales of dishes rise steadily

By Raymond Snoddy

THE SATELLITE television market in Britain is showing signs of growth in advance of a £30m promotional push for British Sky Broadcasting, the merged five-channel satellite television venture.

A further 52,000 homes installed satellite dishes in March, according to the latest FT Satellite Monitor, compared with 41,000 in February.

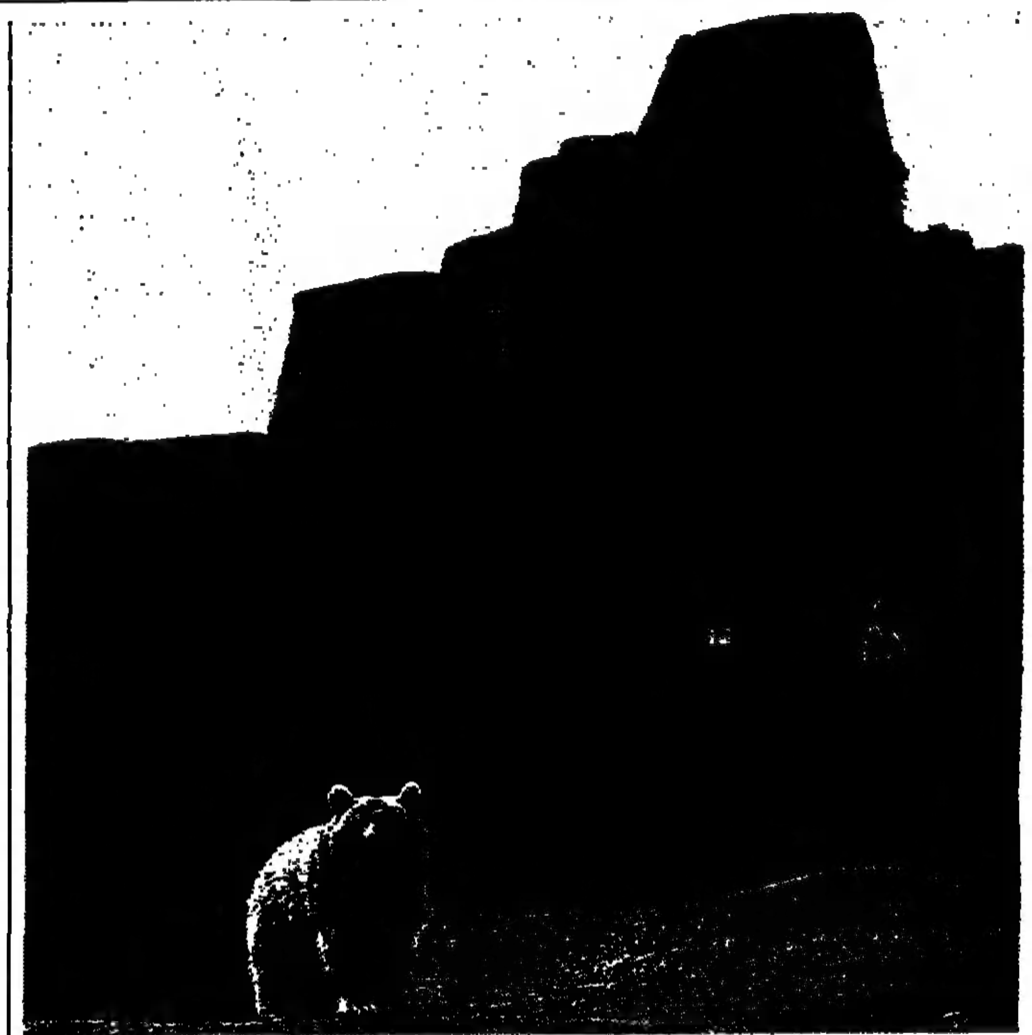
That takes the total of homes in Britain able to receive satellite TV to nearly 1.4m since the launch of Sky Television just over two years ago.

"The market is showing definite signs of improvement," said Mr John Clemens, chairman of Continental Research, which produces the market survey for the FT. It is based on telephone interviews with a weighted sample of more than 5,000 people, but has a margin of error of plus or minus 50,000.

The impact of satellite television has been particularly marked in the past 12 months. In March 1990, the FT Satellite Monitor estimated that there were 599,000 homes with satellite television. A year later, the total receiving BSkyB channels (in which Pearson, publisher of the FT, has a stake) and other satellite channels, such as MTV, Children's Channel, Lifestyle and Screensport, direct to the home is 1.4m, an increase of 132 per cent.

A further 400,000 receive the satellite channels via cable television networks, while 125,000 homes are hooked into communal serials.

The size of the potential market – at 3.5m homes – has not changed at all since March 1990. That includes all those who have installed equipment and those who say they will definitely or probably install a dish. Because of the rise in actual installations, the potential market for new installations has dropped from 2.7m in March 1990, to just under 2.1m now.



Hungry for cash: the zoo is seeking private funding. *Picture by Alan Harper*

Zoo funding plea rejected

REPORTS of the impending slaughter of animals at London Zoo left the government unmoved yesterday, Michael Skapinker writes.

The Department of the Environment rejected calls for more funding for the zoo, the world's oldest. It said it would be unfortunate if the 164-year-old Regent's Park zoo had to close, but added: "Clearly it is not attracting enough visitors to break even. There is no government money available."

The zoo said closure of the Regent's Park site was only one option being considered in response to its financial crisis. As evidence of its determination to remain open it was proceeding with plans to receive Ming-Ming, a giant panda, from China.

The zoo played down claims that closure would mean some of the animals would have to be killed.

While it might take time to transfer animals to its 600-acre zoo at Whipsnade, Bedfordshire, "going out and shooting them is not an option," the zoo said.

Visitors to the zoo have fallen from an annual 3m in the 1950s to 1.1m last year. In 1989-90, it had an operating deficit of £4.9m. Interest on what remains of a previous government grant of £10m helped trim the shortfall to £2m.

The zoo is due to have further talks with the Department of the Environment this week.

It is also looking for private funding to cover its deficit.

The government said yesterday that it was made clear when the £10m grant was made in 1988 that the zoo would get no more money. The grant followed a report by Peat Marwick McLintock, the management consultants, which advised the zoo to adopt a more professional marketing approach. The zoo said the Peat Marwick recommendations, including the setting-up of a subsidiary called Zoo Operations, had all been followed.

It has now received a report from McKinsey, another management consultant. The zoo would not disclose details of the report but said it outlined several options short of closure.

NEWS IN BRIEF

Non-taxpayers are failing to register

MANY non-taxpayers have failed to register with building societies and banks.

That means that in spite of the abolition of composite-rate tax from the start of the present fiscal year, they will still have tax deducted from interest earned on their savings accounts.

The Revenue has also set the "official rate" of interest at 13.5 per cent. Those who receive cheap mortgages from their employers will be taxed on the difference between the rate they pay and the official rate, which will change according to typical mortgage rates.

Housing market

THE UK housing market, on the wane since late 1988, is showing signs of picking up, according to two reports published today.

Woolwich Building Society predicts that the volume of transactions in the residential property market will have increased by about 20 per cent by the end of 1991.

A survey by Infolink, a credit reference agency, found that while demand for loans in the retail sector was still depressed – falling 6 per cent year-on-year in February – the same month saw a 1 per cent increase in mortgage applications over the previous year.

Gilts issue

THE BANK of England has announced the sale by tender from April 10 of a further £800m of 9 per cent Treasury Loan 2008. It is intended to meet the government's need for finance, including the refinance of maturing stocks.

Grasping poll tax nettle leaves sting intact

By Richard Evans

THE NETTLE that has been grasped by the government in substituting a tax on property and people for the deposed poll tax will retain a powerful capacity to sting as the various options are debated in the next few months.

Precisely how the value of a property should be assessed and how it should be affected by the number of adult occupants will keep the government-appointed review committee occupied until the summer. Even so, some favoured options are already emerging.

They will be fleshed out in the consultation document due to be published almost immediately after the House of Commons reassembles next Monday. The three main contenders are: a property tax based on notional rental values; site values; and capital values. Each has drawbacks of unfairness, complexity, expense or timing. Each also has its adherents and each will figure in the discussions.

Rental valuation would mean returning to the rates system abolished in England and Wales in April 1990 and in Scotland a year earlier. It was the unpopularity of that system and the small numbers paying to finance local government that prompted the government to introduce the poll tax in the first place.

Its supporters back it, at least as an interim measure, because the rates register still exists, so that the tax could be introduced next year rather than in 1993-94; the date promised for the launch of the new tax by Mr Michael Heseltine, environment secretary.

That is probably its only virtue. Its former unpopularity and unfairness would quickly reappear and there remains insufficient evidence on which to base rental values.

When rateable values were introduced a century ago, 95 per cent of the population lived in rented accommodation. Now 70 per cent are owner-occupiers and no more than 10 per cent live in private rented accommodation. There would have to be a revaluation of all properties throughout England and Wales, as the current lists would be 20 years old.

Mr Richard Kauntze of the Royal Institute of Chartered Surveyors says: "It would be absurd to devise a system based on less than 10 per cent of the whole housing stock."

Site valuation is claimed to have more long-term validity, as its basis is permanent. By ignoring the buildings on a site, such features as deterioration or improvement of a building are irrelevant. Site valuation would be open to the same sort of criticism as rental values.

A local tax based on capital values, linked to the number of adults living in a house, is the clear favourite. The form it may take and the way it will operate are unclear.

Methods of establishing a value may include some form of self-assessment, with a householder completing a form stating the size and type of property, and adding his or her assessment of its value. If that assessment seemed wildly inaccurate, the local authority could send a valuer to check. There would be an appeals procedure.

That would be the simplest method, removing the need for a complex and expensive revaluation and bureaucracy.

At the other end of the scale, the review group will consider a full revaluation of every household by the Inland Revenue's valuation office.

A compromise to which ministers incline would be the use of "beacon" or "lighthouse" valuations. Members of the review committee believe that valuing a small sample of recent house sales in different types of property in each area to assess market values would prove a swift, practicable and inexpensive basis for the new system.

There is also expected to be some form of banding, based on type of property, floor space or value. Property types could range from a one-bed flat, through a three-bed semi to a mansion. That would reduce costs and help to eliminate overcharging on very expensive property and undercharging at the cheaper end.

On value, the choice would then lie between fewer thick bands and more thin bands, both of which would create difficulties. With thin bands there would be more likelihood of frequent movements of property between bands, which would generate a lot of appeals as any movement would tend to mean a higher tax.

Thick bands would mean fewer disruptive amendments and fewer appeals, but would be keenly contested as there would be more at stake in the result.

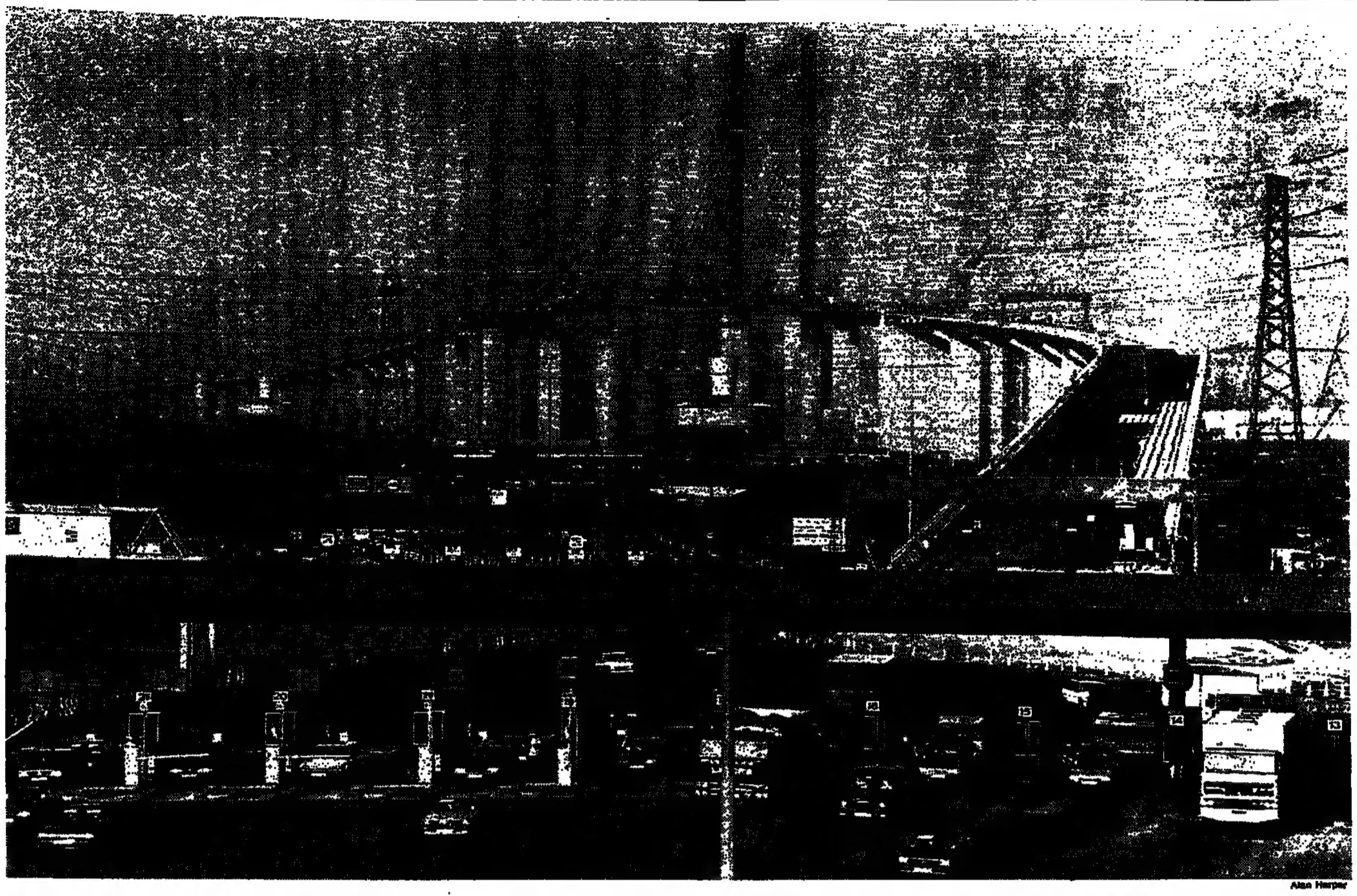
There will certainly need to be wide regional variations to counter house price differences. It will be important to ensure that a three-bedroomed house in a leafy London suburb does not receive a rates bill three times as high as a similar house elsewhere.

Ministers will also have to decide what kind of grant, if any, it will pay to support local authorities in the north of England which will have a much smaller tax base than those in the south.

As the review enters its next stage, the difficulties of each option are acutely apparent.

The importance to the government of getting it right this time can hardly be overstated.

UK NEWS



Alan Harper

Relief in sight for Thames crossing traffic jams

By Andrew Taylor, Construction Correspondent

THE LONG traffic jams that occur daily as motorists cross the River Thames through the Dartford tunnel, east of London, may soon be a thing of the past.

Within a matter of months, cars and lorries using the M25 London orbital motorway to travel from Essex to Kent will be diverted on to the first bridge to be built across the Thames for more than 50 years.

Less than 180 metres of the road deck remain to be erected on the 2.8km Dartford bridge (above, beyond tunnel tolls), which is being financed and built and will be operated by the private sector. It will be the world's second-largest cable stay bridge, and will be the first built on a new site across the Thames since King Edward VIII opened three bridges in one day in 1933 at Chiswick, Twickenham and Hampton Court. It will be the first Thames toll bridge since the 1870s.

The concession to operate the Dartford bridge was awarded in 1986 to Dartford River Crossing, 49 per cent owned by Trafalgar House, the construction, property, shipping and hotels group. Bank of America, Prudential Insurance and Kleinwort Benson, the merchant bank, each have a 17 per cent stake.

The company has already taken over operation of the Dartford road tunnels under the Thames. Money from tunnel and bridge tolls will be used to repay loans. Profits will come from the construction contract and fees for arranging loans.

Tolls, at present 80p for cars and £1.20 for commercial vehicles, will be allowed to rise with the retail prices index.

Once all loans have been repaid, the bridge and tunnels will be returned to the government. Repayment must be made within 20 years. The cost of building the bridge has been estimated at £86m at 1986 prices. The cost to the company of acquiring the tunnels was £43.5m.

When the bridge opens, traffic travelling south will normally use it, while vehicles going north will use the tunnels. Drivers will be able to acquire automatic vehicle identification discs, enabling tolls to be deducted automatically from their bank accounts.

Trafalgar House says construction, which began 2½ years ago, is on schedule. For those waiting to use the Dartford tunnel today, completion cannot come too soon.

Foundry industry fears cost of pollution curbs

By John Hunt, Environment Correspondent

THE GOVERNMENT has been warned that some metal foundries may have to close unless there is a relaxation in the tough new environmental pollution standards it is proposing for the industry.

Industry figures estimate that the total capital cost of introducing new pollution abatement technology and of monitoring emissions to meet the new standards in iron foundries – the biggest section of the industry – will be between £124m and £137m.

Running costs of meeting the new requirements are likely to amount to £34m a year for the iron foundries.

Mr John Parker, director of the British Foundry Association, which has 150 members, said: "Some of the proposals could be quite catastrophic and could result in a smaller industry than at present".

Mr Sam Radcliffe, director of BCIRA, the research, information and consultancy organisation for the industry, said: "It will have a grievous effect."

BCIRA - which now conducts consultancy work and was originally known as the British Cast Iron Research Organisation - estimates that the hard-pressed foundry industry is only averaging a slender 5 per cent to 6 per cent profit and that 60 per of that profit could be wiped out by the cost of meeting the higher standards.

The organisation estimates that the capital cost to steel foundries of meeting the regulations will be approximately £20m to £30m. For aluminium foundries, the estimate is £12m to £15m.

The chief cause of concern is the cost of meeting higher standards for ancillary operations such as the shaping of castings. There is also considerable anxiety about the cost of monitoring emissions of fumes. A monitoring instrument can cost between £10,000 and £15,000.

Proposals for tighter regulations have been drafted in notes sent out by the Pollution Inspectorate under the new Environmental Protection Act, which introduces a strict system of integrated pollution control.

The foundries will have to apply for authorisations for the lower emission levels between October and April and the entire industry must comply with the new regime by no later than 1997.

Falklands farmland to be sold to islands government

By Juliet Sychrava

ANGLO United, the UK fuel distribution company, has agreed to sell the farmlands on the Falkland Islands that it acquired when it bought Coalite in 1989, the company announced on Saturday.

The land makes up about 27 per cent of the islands' total area and supports more than 200,000 sheep. It is owned by the Falkland Islands Company (FIC), a Coalite subsidiary.

It will be sold to the Falkland Islands government for about £5.75m in Anglo's latest asset disposal as the company sheds many peripheral businesses of Coalite.

Anglo United retains its holding in FIC, which has trading, retail, construction, tourism and other operations on the islands.

At the time of the Coalite acquisition, Mr David McErlain, chairman of Anglo United, said he would like to keep FIC for sentimental reasons.

Anglo United said there would be no significant gain or loss on the disposal of the land. The farms are expected to report a loss of £369,000 for the year ending March 31 1991.

FIC has agreed to reinvest £750,000 of the proceeds of the sale in capital projects on the islands.

UK NEWS

Travel body leadership criticised over levies

By David Churchill, Leisure Industries Correspondent

THE LEADERSHIP of the Association of British Travel Agents, the umbrella body for Britain's travel industry, will face urgent calls at its annual general meeting this week for a new structure to be created to meet the needs of both holidaymakers and travel companies.

Abta's presiding national council will come under heavy criticism for its recent decision to impose an immediate levy on all its members and for an additional levy to be imposed in July.

These levies follow the collapse last month of a number of small school tours operators and the failure last autumn of Exchange Travel, one of the largest travel agencies.

The insurance bonds, which normally provide Abta with funds to meet the travel liabilities of its members, were inadequate or not in place in these cases and left Abta with a substantial shortfall.

When the International Leisure Group went into receivership last month, however, all holidaymakers who had booked with its charter holiday companies got refunds because the company's holiday operations – but not its scheduled airline services – were fully bonded.

Abta's agm, to be held on Thursday will bring to the fore simmering criticisms of the way in which the association has dealt with these crises and the slump in bookings during the Gulf War.

"The swingeing membership levies and ridiculous level of bonding proposed for unlicensable business are indicative of the *fire-fighting* action that Abta's national council is being obliged to take," said Mr Noel Josephides, chairman of the Association of Independent Tour Operators (Aito). Some 60 per cent of Aito's membership are also members of Abta.

Large tour operators are also concerned at Abta's actions. "We should not be in the *position of having to bail* Abta members out," said Mr Howard Klein, chairman of the Owners Abroad travel group, now the second largest tour operator following ILG's collapse. "The Government has a responsibility to act as well."

Small travel agents also fear that the extra finds being demanded – they will have been levied three times in the first six months of this year – will put extra pressure on their own costs during difficult times.

Large travel agencies, such as Thomas Cook and Lunn Poly, are also against proposals made by the Abta leadership for the Government to impose a levy on consumers to *pay for travel companies that* go under. This levy would raise package holiday prices at a time when the recovery in demand since the Gulf war is still seen as fragile.

The Government is also reluctant to step in and impose a levy on holidays. Mr Edward Leigh, consumer affairs minister, is understood to prefer the existing voluntary financial guarantee system undertaken by Abta to continue.

EMPLOYMENT

Post-maternity work patterns change

By Diane Summers, Labour Staff

A STRIKING increase in the rates at which women have been returning to paid work within a few months of having a baby has been disclosed by preliminary findings of a study published today.

Nearly half of mothers who were in employment when they became pregnant now go back to work within nine months.

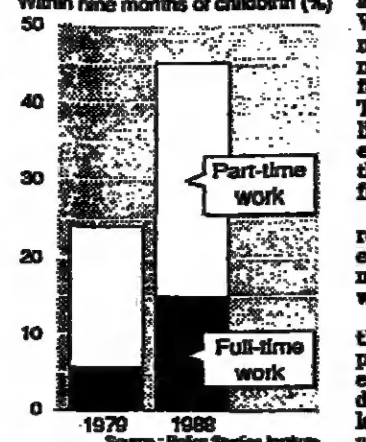
That is double the figure of a decade ago when only a quarter of women returned to work, according to government-funded research carried out by the Policy Studies Institute.

The survey of nearly 5,000 mothers and more than 500 employers is the first large-scale survey of post-maternity working for 10 years.

Full results of the study, which was funded jointly by the Departments of Employment and Social Security and the Equal Opportunities Commission, are due to published later this year.

The trend to an early return to work has, according to the PSI report, significant implications for "roles and relationships within the family; for child care practices and the provision of child care; for fertility and population trends; and for the distribution of income as between households and families."

Mothers at work



Source : Policy Studies Institute

Many more mothers are also returning *to full-time jobs*, according to the findings. Women in full-time employment when they become pregnant are as likely to go back to full-time as to part-time work. They are also increasingly likely to return to the same employer and to continue to do the same job after their confinement.

A decade *ago, mothers* who returned to work during the early child-rearing years were mainly interested in part-time working.

The report points out that the traditional move to part-time, locally based employment often resulted in a downgrading of occupational level, under-utilisation of skills and reduction in hourly pay rate.

The survey finds a sharp contrast between public and private sectors. Women employed in the public services are twice as likely to continue in paid work after the birth of a baby as women employed in the private sector.

The study says: "The private *sector* lags well behind the public sector in the levels of seniority at which it employs women and in the encouragement it provides for mothers to continue working."

The EOC immediately claimed that the survey added further weight to the argument that Britain should support a European Community directive *on pregnancy* which is due to be discussed next Monday by the Council of Ministers.

The directive proposes extending statutory employment protection to all women, regardless of length of service or working hours.

Ms Joanna Foster, EOC chairman, said that women obviously wanted to return to the same job after pregnancy and the directive would enable employers to keep a stable and experienced workforce.

Maternity Rights: The Experience of Women and Employers, first findings. BEBC, 9 Albion Close, Parkstone, Poole, Dorset BH12 3LL. £5 including p&p.

UK safety rules could beat Brussels deadline

By Diane Summers

THE UK may introduce safety legislation on construction up to a year ahead of a European Community directive deadline on the issue.

The new legislation is aimed at reducing the high level of deaths and accidents on construction sites and is likely to be introduced before the end of next year, the Health and Safety Executive has said.

Serious injury rates in the building industry have risen by 10 per cent over the past two years, according to HSE figures published at the end of last year. The sector is one of the most dangerous in which to work: there are about 150 deaths and 20,000 injuries reported each year out of a workforce of about 1.5m to 1.7m.

About 90 per cent of deaths in construction could be prevented by *better management*, according to the HSE. The growth in sub-contracting, a diffusion of responsibility for safety and an increase in self-employment among building workers have all been blamed for the poor record.

The new UK law, which will take in the provisions of the EC directive, will for the first time introduce a positive responsibility for architects and designers to consider safety at the earliest stages of a project. Safety will have to be considered in relation to the choice of materials and the method of a building's construction.

UK draft regulations on construction management were first published by the HSE in 1989 but have been held up by complicated EC negotiations.

Early European Commission proposals were described by HSE officials as "frighteningly bureaucratic". Current EC plans are for member states to *implement the directive by the* end of 1993, although it is possible that this could be brought forward by a year.

ERM effect on pay is strong, says CBI

By Lisa Wood, Labour Staff

BRITAIN'S membership of the European Exchange Rate Mechanism and the recession are having a strong effect on pay, according to the Confederation of British Industry.

The CBI's Pay Databank survey shows that manufacturing pay awards averaged 8.3 per cent in the first quarter compared with a revised average of 8.9 per cent in the previous quarter. This was the sharpest quarterly fall for the past four years.

Figures from the databank for service companies only refer to 1990 when settlements averaged 8.8 per cent in the second half of the year, compared with 9.0 in the first half.

The CBI said that few companies had much room for manoeuvre on prices, in home or export markets.

With the added disciplines imposed for some by the cost of servicing debt, and for all by a stabilised pound within the ERM, companies must contain labour costs effectively.

The CBI has been urging companies to decide pay settlements on the basis of individual settlements for some time. It said in response to its latest survey that in both manufacturing and services, the average figure covered a wide range of individual settlements.

One in 10 manufacturers was telling employes that there could be no increase on the normal anniversary date. Such companies were typically delaying awards by between two and five months.

The less rapid deterioration in labour cost competitiveness was being further helped by improved productivity said the CBI. Provisional figures from the survey showed that annual productivity growth averaged 4.3 per cent for manufacturing companies settling in the first quarter, against about 3.3 per cent in the fourth quarter of last year.

Tory unease surfaces over local elections

By Alison Smith

THERE WERE signs of unease yesterday in the Conservative party that it will fight the local election campaign without being able to give details of the household tax which is to replace the controversial poll tax, even after the government's consultation papers are published next week.

Mr John Major, the prime minister, is to hold a series of meetings with colleagues over the next few days to finalise the documents.

Mr Chris Patten, the party chairman, said yesterday that a detailed proposal for the replacement of the poll tax – a per capita levy to fund local public services – replacement would not be brought forward until "the end of the summer".

He insisted, however, that Tory candidates in the local elections throughout England and Wales on May 2 would "be able to say far more about our options for the future than either their Liberal or Labour opponents".

While the government has left open the possibility of different proportions for the personal element of the charge in England, Scotland and Wales, there is pressure to avoid the political disadvantages of opting for conspicuously differing systems in different parts of the country. The new tax is likely to be based overwhelmingly on property values rather than on a personal charge.

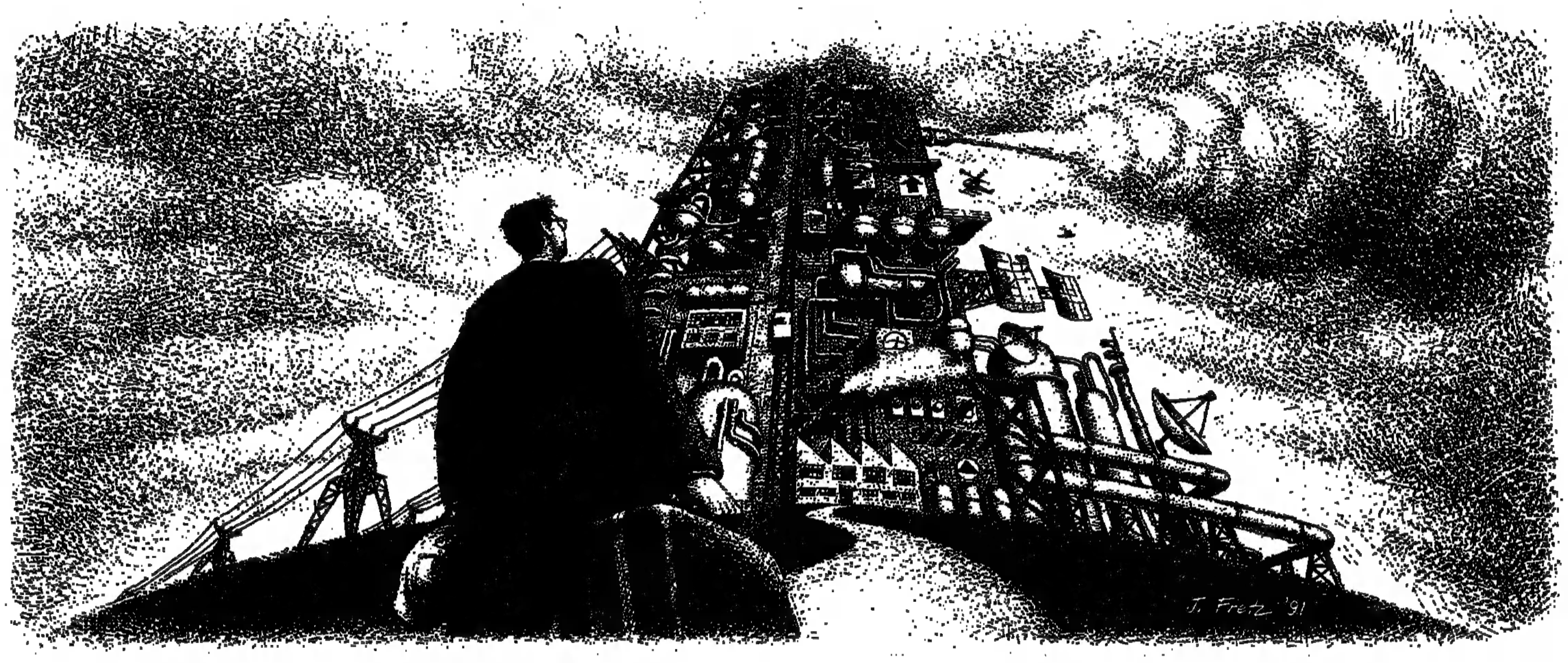
Tory MPs admit that the timing of the review is inevitably unfortunate for the May elections. "I don't expect it to be easy on the doorstep," one junior member of the government said yesterday, "but anyone who thinks it is harder than selling the poll tax is deluding himself".

Both the opposition Labour party and the Liberal Democrats are confident that being unable to give details of the new plans will damage the Tories.

All three main parties have already begun trying to condition expectations of performances in the contest, in which more than 12,000 seats are being fought. The three week campaign will open on Wednesday.

There Are Some Service Calls You Just Can't Make By Phone.

AN OIL RIG IN THE NORTH SEA. A ROBOTICS INSTALLATION IN JAPAN. A PIPELINE ON THE ALASKAN TUNDRA. THERE ARE CERTAIN THINGS



you just can't fix by phone; certain times when there's just no substitute for being there. ◆◆ To see firsthand the nature of the problem. To prevent a delay from becoming a disaster. To insure that it's indeed business as usual. ◆◆ For those whose job is taking care of business, customer service is more than fixing something that's gone wrong. It's making sure things keep going right. ◆◆ After all, who's likely to know more about how a product is performing in the field? About how it stacks up against the competition? About what customers want in refinement and development? ◆◆ In a day and age when companies fight for even the smallest of market shares, service people need to be on the road, not just on the phone. Because chances are if you're not out there seeing your customers, your competition is.

SOMETIMES THERE'S NO SUBSTITUTE FOR BEING THERE.

BOEING

COMPANY NOTICES

EXCHANGE NOTICE TO HOLDERS OF BEARER SHARES OF GLOBAL NATURAL RESOURCES PLC

Pursuant to a Scheme of Arrangement dated May 17, 1983, as amended, the outstanding bearer shares ("Bearer Shares") of Global Natural Resources PLC were cancelled. Certificates for Bearer Shares may be exchanged (a) until July 29, 1993, on a share-for-share basis for shares in registered form of Global Natural Resources Inc., a New Jersey corporation ("Global U.S.") or (b) at any time for cash, Global U.S. shares are traded on the American Stock Exchange.

Bearer Shares do not represent Global U.S. shares and are not entitled to receive dividends, notice of meetings, vote or otherwise participate in the affairs of Global - U.S. At March 1, 1991 each Bearer Share was entitled to $6.53 cash.

Certificates for Bearer Shares may be exchanged at the election of the holder for Global-U.S. shares or cash by delivery of a completed Form of Application, together with certificates for Bearer Shares, to the Exchange Agent named below. Forms of Application, together with the Trust Deed implementing the Scheme of Arrangement and Supplemental Deeds varying the Scheme of Arrangement, may be obtained from:

Exchange Agent:
Registrar & Transfer Company
Attn: Exchange Department, 10 Commerce Drive
Cranford, New Jersey 07016, USA

or from :

Hambros Bank Ltd.
Attn: Stock Counter, 41 Tower Hill
London, England EC3N 4HA

On April 8, 1991, Global U.S. mailed to its shareholders Notice of the Annual Meeting of Shareholders to be held at the Ritz-Carlton, 1919 Briar Oaks Lane, Houston, Texas, on May 8, 1991 at 9.00 a.m. together with related proxy material.

LEGAL NOTICES

CROW VALLEY TYRES LIMITED

Registered number:947171.
Trading name:-Royal Forest Tyres . Nature of business:Retailers of Tyres & Accessories.
Date of appointment of joint administrative receivers 22 March 1991.
Name of person appointing the administrative receivers:Lloyds Bank Plc.
JOSEPH PATRICK CONSIDINE and RICHARD ANTHONY SMART
Joint Administrative Receivers
(office holder nos 088 and 288) ofCork Gully,
Churchill House,
Churchill Way,
Cardiff,CF1 4XQ.

MOTARY LIMITED

Registered number: 922848
Nature of business: Motor Vehicle Repairer & Tester
Date of appointment of joint administrative receivers: 22 March 1991
Name of person appointing the administrative receivers: Lloyds Bank Plc
JOSEPH PATRICK CONSIDINE and RICHARD ANTHONY SMART
Joint Administrative Receivers
(office holder nos 088 and 288) of Cork Gully,
Churchill House,
Churchill Way,
Cardiff CF1 4XQ

CANADIAN PACIFIC LIMITED

(Incorporated in Canada)

TORONTO GREY & BRUCE RAILWAY COMPANY

Copies of the Balance Sheet of the above Company as at December 31 1990 are available and may be obtained from this office during normal business hours.

D.R. KEAST
Deputy Secretary

62-65 Trafalgar Square,
London WC2N 5DY.

April 2 1991.

CLUBS

RENTALS

APPOINTMENTS

Promotion at insurance company

■ LONDON & EDINBURGH INSURANCE GROUP has appointed Mr Bill Stanway as deputy group managing director. He was managing director, personal lines division and is on the board of London & Edinburgh Insurance Group.

Mr David Brothwood becomes managing director, personal lines division. He was deputy managing director, personal lines division.

■ Mr George Goodsir has been appointed chief counsel of OMV's London operation. He was formerly a director of Occidental Petroleum (Caledonia) in Aberdeen.

■ Four senior appointments have been made at NORTH WEST WATER. Mr Robert Armstrong, personnel director, is promoted to group personnel director. Mr Michael Dyer, operations director, becomes group technical director and Mr John Monaghan, employee relations manager, moves up to personnel director. Mr Clive Elphick joins the group from Touche Ross as financial controller.

■ Mr John Daniel and Mr Robert Randolph have been appointed directors of MATHESON SECURITIES.

■ Mr Pat Howes (pictured) has been appointed a main board director of SECURITY SERVICES. He was chief executive of the parcels division.

■ MrAndrew Elliott-Frey has been made finance director at WINDSOR CABLE TELEVISION. He joins from British Satellite Broadcasting where he was group financial controller.

■ The following directors have been appointed to the board of LANCASTER HILTON DALTON. Mr Jeremy Hebblethwaite is appointed chairman and Mr Hugh Lancaster has become managing director. Mr Guy Croft, Mr Tony Hilton, and Mr Stephen Dalton are executive directors. Lancaster Hilton Dalton are independent investment managers.

■ Dr David Harrison, vice chancellor of Exeter University, has been elected president of THE INSTITUTION OF CHEMICAL ENGINEERS.

■ Mr Joe Palmer has become a non-executive director of NATIONAL POWER. He is group chief executive of the Legal & General Group and chairman of the Association of British Insurers.

■ Mr Richard Danby, a director, has been appointed managing director of agricultural electronics specialists RDS TECHNOLOGY following the move of founder Mr Jim Brown to chairman.

■ ASW-CUBIC STRUCTURES, the Coventry-based manufacturer and supplier of structural steel space frame systems, has expanded its senior management. Mr John Woodger, formerly operations director at RDL, has been appointed managing director. Mr Michael Helme, previously senior project manager at RDL, becomes general manager of the dedicated fabrication plant at Burton-upon-Trent. Mr Ken Thompson has been made technical director. His main responsibility will be the development of CAD design procedures.

■ Mr Charles Cook has been promoted to managing director of GRANDFIELD RORK COLLINS.

■ Sir Allen Shepherd, chairman and group chief executive of Grand Metropolitan, has been appointed chairman of the BRITISH-AMERICAN CHAMBER OF COMMERCE's international advisory board. He succeeds Professor Roland Smith, chairman of British Aerospace, whose three-year term as chairman began in April 1988.

■ Mr David Bebo has been appointed assistant general manager (personnel) at FRIENDS PROVIDENT. He was human resource development manager.

CONSTRUCTION CONTRACTS

Major River Tees bridge development

CEMENTATION CONSTRUCTION, a member of the construction division of Trafalgar House, has been awarded a £3m contract by the Teesside Development Corporation for the construction of the Tees Bridge (pictured) at Thornaby-on-Tees, Cleveland.

The 100 metre bridge, which will cross the River Tees to link the new Teesdale development at Thornaby-on-Tees with Stockton town centre, will be a composite structure with a concrete slab on steel girders supported by two piers and two abutments. Steel bearing piles, constructed in navigable tidal waters, will carry the piers.

Sister company Cleveland Structural Engineering is fabricating the 330 tonnes of steel needed for the project.

Marks & Spencer in Cardiff

The P&O company BOVIS CONSTRUCTION has been awarded two contracts with a total value in excess of £14m to build and fit out two stores for Marks & Spencer.

At Culverhouse Cross in Cardiff, Bovis has started work on the design of an £11m store which will provide 65,000 sq ft of sales area for clothing and food. The store will also include a 14,000 sq ft store room and goods reception area together with a further 10,000 sq ft of staff quarters and office facilities.

The steel-framed building is designed to offer the maximum sales area with the minimum of structural interference. This is achieved by using unusually long steel trusses, to create clear spans of 27 metres across the sales area, which will have only four columns, through the 65,000 sq ft area.

The external facade will feature brickwork capped by a slated mansard feature around the entire building. The grounds surrounding the store will be fully landscaped and about 1,000 car parking spaces will be provided.

Work will start on site in June and completion is scheduled for Easter 1992.

In Moortown, Leeds, Bovis has started work on a £3m management contract to build and fit out a 12,000 sq ft food store. Other facilities to be built include a 4,000 sq ft stockroom, new offices and staff quarters.

The project, which is scheduled for completion by autumn 1991, also involves the construction of 215 car park spaces.

£10m road projects for Balfour Beatty

Motorway and trunk road contracts totalling more than £10m have been awarded to BALFOUR BEATTY CIVIL ENGINEERING. The company has secured maintenance contract number six to be carried out between junctions four and five on the M20 motorway. The £2.04m contract was awarded by Kent County Council, acting on behalf of the Department of Transport.

The work involves carrying out repairs to the concrete carriageway, partial reconstruction of 8km of the hard shoulder and various other works.

A second contract awarded by Kent County Council is the £1.15m scheme to build the second Littlebrook Bridge over the A282 (M25) trunk road south of the Toll Plaza at the Dartford Tunnel. The three-span continuous pre-tensioned overbridge, together with ancillary works on the immediate approaches to the bridge deck, is being erected over the Dartford Southern Approach Road - a project currently being carried out by Balfour Beatty under a separate contract.

Balfour Beatty Civil Engineering has commenced work on the £2.63m A6 Burton Latimer bypass and Black Lodge improvement contract for the Department of Transport. The site, located adjacent to the company's M1-A1 contract at Kettering, involves a 3km single-carriageway bypass to the east of the village of Burton Latimer and the upgrading of a further 1km section on the A6 trunk road, north of the village of Linedon.

A second bypass contract has been secured from Northampton County Council. The £4.4m project is for the A422 Middleton Cheney bypass and a 1.6km dual-carriageway link from the M40 to a roundabout to the west of the village.

Mixed batch for Mansell

Further contracts, totalling in excess of £10m, have been awarded to MANSELL covering new construction, design and build, refurbishment and fitting out.

In South London phase 2 of Clarence Yard for London and Quadrant Housing is under way. With a contract value of about £4m completion is scheduled for July 1992. The work involves the erection of three-storey dwellings consisting of 32 houses and 24 flats.

Wandsworth Health Authority has awarded a project concerning the conversion of a nurses home at Springfields Hospital into a doctor's practice, contract value £900,000.

Lewisham and North Southwark Health Authority has awarded a contract concerning alterations and modifications to the accident and emergency yard at Guy's Hospital, contract value about £275,000.

In North London construction has commenced on the St Columba radio station and 60 metre guyed mast - contract valued in excess of £810,000; work has commenced for the Department of Health on the government buildings at Canons Park and, for the London Borough of Haringey, improvement and modification works at both Oatfield and Twyford House have commenced with a value of about £1.5m.

In East London a refurbishment project of a banking facility has been awarded by UBS Phillips and Drew, contract value £582,000, with works to be completed in July.

External repairs and decorating at numbers 5-25 Scrutton Street for Chepcrown are also under way and a further contract for BP International has been won for work on its premises in Ropemaker Street.

For the London Borough of Tower Hamlets a project on its professional development centre in English Street involving both internal and external repairs has begun with completion anticipated shortly.

Hewlett-Packard finds a strategy in its pragmatism

Christopher Lorenz examines the confusing twists and turns since the electronics company announced its decision last summer to move its personal computers HQ from California to France

When Hewlett-Packard announced last August that it was moving the international headquarters of its personal computer group to the French Alps from its traditional seat near HP's corporate head office in Silicon Valley, the French press understandably reacted with enthusiasm.

"Grenoble, HP's world micro capital", one newspaper trumpeted, a theme echoed by headlines in Le Figaro and several other publications. Speculation was rife, in Silicon Valley and in France, that between 10 and two dozen senior management jobs would be relocated.

But such hopes were dashed by the announcement, just before Easter, of the details of the organisational restructuring. Only two PC group jobs, its head and the financial controller, are being relocated to Grenoble; both will be held by Frenchmen. Four group jobs will remain in California, although one of them will be held by a Frenchman who is moving from Grenoble.

To some observers, especially in Europe, the outcome may smack of eleventh-hour American reluctance to release the reins as far as had been intended last summer.

Such criticism may be reinforced by a decision, announced last Thursday, which introduces a new layer of US co-ordination above the PC group and four other equivalent entities (for laserjet printers and other hard- and software products) which together constitute HP's "Computer Products Organisation". The fact that Grenoble has in no way been singled out for this treatment – the other four groups are all based in the US – is unlikely to lessen French disappointment.

HP insiders in Silicon Valley concede that the degree of strategy behind last summer's decision was exaggerated at the time, both within parts of HP and outside. They say that it began as an opportunistic way of replacing the former PC group head (who had defected suddenly to Apple) with the best available candidate, the Grenoble-based Jacques Clay, a 43-year old HP veteran.

Initial expectations may have been disappointed by the announcements of the past ten days, but the fact that the relocation is occurring at all means that HP is still launching itself – however tentatively and however confusingly communicated last summer – upon a difficult organisational balancing act. It is one which few companies anywhere have yet attempted, but which will need to become common practice if the full promise of "global localisation" and "transnationalism" – concepts which are currently preoccupying many international companies – is to be achieved.

To do so, they will need to disperse their head offices across the globe, instead of sticking to the old convention of locating them in one place. Clay defines the PC group's "headquarters" as including not only himself and his financial controller colleague in Grenoble, plus the four executives in California, but also one each in Singapore and Mexico.

Clay owed his position as prime candidate for his new post to his record since 1988 in making HP's Grenoble-based European PC operation far more successful than its American counterpart.

This is most obviously true in marketing. HP's US market share in personal computers in 1990 was barely 2 per cent and falling, compared with a rise to 5 per cent in Europe; over 60 per cent of the company's PC revenues, which were worth more than $1bn in 1990, according to industry sources, have been achieved outside the US, with Europe by far the main contributor. Much of this success is also credited to Bernard Meric, the executive who is now moving to California to assume global responsibility for the PC group's marketing.

The US side has also been less effective in managing product design and development. "My worry today, the worry of HP's top management, is how to make the engineers in California more efficient," Clay says. "They felt one way of doing that would be basically to ask the team there to take more responsibility."

The reasons why only two jobs are being transferred to Grenoble and Meric is not remaining there, contrary to initial expectations, is partly to do with a set of more general steps that HP is taking throughout the corporation to resolve its marketing and organisational problems in the US (see *this page, March 22*).

Within the PC group itself, a drastic simplification of the previous organisation structure has enabled Clay to reduce the total number of group management jobs – regardless of their location.

First, three US-based divisions within the group have been rolled into one. Second, the PC group, which for several years had been managed on a unitary basis worldwide under the guidance of executives in Silicon Valley, is being decentralised under separate general managers into four relatively specialised divisions, three with global responsibilities and one (in Mexico) dealing with the manufacture of products for Latin America.

The two main divisions, in California and Grenoble, will focus, respectively, on "high-end PC products" (using advanced Intel processors), and "mainstream PC products" (with higher sales volumes). The third division, in Singapore, will focus on keyboards and other input devices.

Clay is adamant that the rearrangement was his own idea. He admits that he did have to go out of his way in the months after last summer's relocation announcement to allay concern, especially among American dealers, that the move to Grenoble would shift attention away from the US market, and that he would be an "absentee landlord". He has since spent at least half his time in America each month – albeit at the cost of working a 12-hour day six days a week whenever he is there.

But he denies that his splitting of the organisation to create a fully-fledged US-based division, as well as the relocation in Grenoble, was influenced by American resistance after the original relocation decision, either from PC dealers or from within HP.

Instead, Clay describes the group's latest organisation as "a return to the decentralised way HP used to be managed". The structure which he has replaced was too complex to take rapid decisions and too top-heavy to be cost effective, he says; his success in Europe was achieved by circumventing much of that bureaucracy.

"There was a heavy group superstructure above the product, manufacturing and marketing structure, with a matrix which created a lot of confusion," says Clay. "What this organisation was trying to do was centralise everything."

Marketing units around the world, for example, had dual reporting lines. "Anytime someone wanted to do something, it had to go through two people and two levels of management. Sometimes a manager had difficulty deciding which of four people he should go to."

"What we're doing now," says Clay, "is going back to two things that have been very successful within HP: decentralised divisional responsibility, and 'co-location' of development, manufacturing and marketing."

Hence the splitting of the previous unitary business into manageable divisions, with a leaner "group" management umbrella above them, in the form of Clay himself and four global executives: for finance, marketing, quality and manufacturing.

The diplomatic Frenchman is reluctant to concede that his immediate US bosses have influenced his decisions. The man to whom he reported when last August's decisions were taken, Lew Platt, is seen within HP as being more interested in results than in how they are achieved. But his successor, Dick Hackborn, "is a very process-oriented person in terms of management", says Clay. "Dick would more likely go for the type of structure we are introducing, whereas Lew was probably more open to different alternatives."

Clay admits that this, plus the current level of concern over his group's performance in the US market, means that Hackborn will be more involved in the PC business than his predecessor - whether directly, or through the newly-appointed co-ordinator below him. Clay denies that Hackborn, head of the Computer Products Organisation, influenced the transfer from Grenoble to the US of Bernard Meric.

Instead, Clay says Meric's move was decided partly for personal reasons, and partly because of local marketing requirements. "I've spent the last seven weeks away from Grenoble, so I decided to have someone based in the US who could help me out by meeting customers," he explained after Easter. "Otherwise I'd be travelling even more, and killing myself – as well as ruining my family life." From now on, Clay hopes to be able to revert to spending "only" two weeks out of four in the US.

Why not go the whole hog, and reduce the strain of constant travel by moving himself and his family back to California, where they lived from 1987 to 1988? Locating such a senior manager thousands of miles away from most of his key lieutenants may constitute [illegible] organisational practice, but could also prove far from ideal. Yet a return to Silicon Valley would vitiate the notion of transnationalism.

Clay responds to such doubts by emphasising that "at this level of management, borders are not very important. We have to travel anyway, and meet wherever is necessary".

All the same, back in January, when the new structure was not yet fully decided and approved – he was still preoccupied with streamlining the US business – Clay was shedding doubt on whether "in the long term I have to stay here". He gave the strong impression that if over half his time started being spent in the US, he might feel it sensible to move to California. He denied that he had been asked last summer to consider this, but said it could become logical.

Now, however, Hackborn describes Clay's location in France as "permanent". Last August's relocation decision may have been purely opportunistic, but it seems to have turned into much more of a definite strategy. Fresh back from consultations in California just after Easter, Clay insisted that "HP is serious about the globalisation of its organisation – it wants to have a worldwide job located in Europe".

Whether his American peers and superiors will really allow HP to develop further in this direction, into a fully-fledged "transnational", remains to be seen. An obvious indicator of this will be whether, over the coming months and years, they encourage some of the PC group managers now based in California to transfer abroad, especially to Grenoble.

It is commendable that this multinational already has plenty of foreigners like Meric with global responsibilities among senior management. If almost all remain based in the company's home country, rather than being dispersed across the globe, it will detract from HP's status as an organisational pioneer similar to the likes of ABB and IBM.

Jacques Clay: half of each month spent in the US

Pioneers in geographic dispersal

Although Hewlett-Packard has decided not to shift to France the whole headquarters of its personal computer group – just the top job plus one other – the move still makes it one of the first American multinationals in any industry to transfer key HQ functions within a major business to a location outside the US.

In heralding the reconfiguration last summer, HP beat IBM by just four months to membership of a select band of pioneering large companies which academics and consultants call "transnationals" – with the sort of organisational structure that they expect to become the norm over the next 20 years.

In such companies the "global localisation" of manufacturing and research and development activities (at which HP has excelled for years) is reinforced by geographical dispersal of head office decision-making, particularly at divisional level. The group already included Unilever, Procter & Gamble, Ericsson, NCR, Nestlé, Electrolux and ABB; IBM joined it in December with its decision to shift the entire headquarters of its $10bn communications systems division, one of its six "lines of business" from New York to England during the course of 1991. The move will involve relocating about 120 jobs.

Given the fact that HP's decision to transfer only part of its PC headquarters from the US to France is contrary to the more dramatic declaration of intent it gave last August, with hindsight it would have been better at the time if HP had been able to be as clear as IBM about the number of job transfers that would be involved; all it did was try to dampen some of the wilder French speculation (see main article).

But it would certainly have been sensible for it to have warned everyone that a "transnational" structure can be much more flexible geographically than conventional ones: specifically (IBM's subsequent move notwithstanding), that not all the main decision-makers in a business need any longer to be located in the same place.

THE WEEK AHEAD

ECONOMICS

Inflation takes another bow

INFLATION, still the government's economic enemy number one, will dominate the financial debate next week.

The Retail Price Index, released [illegible] Friday, is almost certain to show [illegible] drop in the headline [illegible] annual inflation, because the rise in mortgage interest rates in March last year drops out of the calculation. This accounts for 0.5 per [illegible] of the inflation figure, and has little [illegible] to the on-going economy.

The consensus of market opinion, according to MMS International, the financial research [illegible], is that the headline [illegible] rate in March will drop [illegible] per cent, leaving the underlying rate, excluding mortgages and community charge bills, unchanged. In February the headline [illegible] per cent.

It is this underlying rate which most bothers economists, and the signs here [illegible] contradictory. Several factors, such [illegible] the [illegible] of British Industry's [illegible] survey, [illegible] that demand [illegible] still dampened, bringing with it [illegible] inflation [illegible] the [illegible] for further [illegible] in interest rates.

However, the strong dollar of [illegible] last month, making American imports [illegible] expensive, [illegible] petrol price rise, will [illegible] opposite [illegible].

The [illegible] today of final retail [illegible] for February will provide [illegible] underlying inflationary pressure. [illegible] figures from the Central Statistical Office last month suggested, to the surprise of many, that retail sales volume increased by 1 per cent in February.

Last Thursday, the CSO revised this, and said sales volume remained flat through the month. [illegible] forecasts, before the revision [illegible] announced, centred on [illegible] one per cent rise for [illegible] final figure, [illegible] the revision [illegible] per-[illegible] pressures on inflation.

Similar worries preoccupy [illegible] US, still digesting [illegible] announcement of [illegible] highest unemployment level [illegible] four [illegible] – significantly worse [illegible] expected. [illegible] figure, the US economy [illegible] still grappling with [illegible] – prices [illegible] 0.7 per [illegible] month [illegible] were [illegible]uded.

The impact [illegible] unemployment [illegible] labour costs, and [illegible] strong [illegible] on import prices, must have done something to hold down inflation, in the view of many analysts. [illegible] is that Friday's consumer price index will show [illegible] rise of only 0.3 per [illegible] for the month of March.

A [illegible] of data on Thursday, including retail sales and producer prices, should give some forewarning for [illegible] inflation figure.

Other significant figures expected this [illegible] (with [illegible] in brackets provided by [illegible]) include:

Today: UK, February [illegible] business figures (£100m, [illegible] in January).

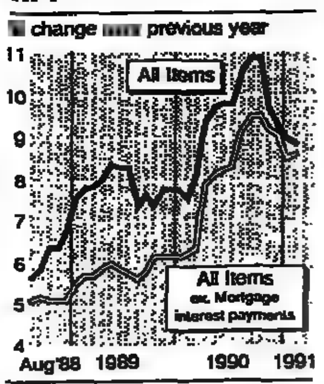
Tomorrow: US, February housing completions. Japan, February private machinery orders. Canada, March [illegible] starts. [illegible]: US governor of the Federal Reserve [illegible] before House [illegible] impact of banking reform proposals.

Thursday: [illegible] March producer price [illegible] (flat), March retail [illegible] (up [illegible]), March money supply figures. Japan, March customs [illegible] balance ($8.7bn). Australia, March unemployment [illegible] per cent).

Friday: US, March real earnings, February [illegible] inventories (flat). Spain [illegible] price [illegible].

During [illegible] Germany, March trade balance (DM2.0bn), [illegible] account (minus DM1.0bn), March retail [illegible] (7 [illegible] year on year), March [illegible] price [illegible] per cent).

John Authers



RESULTS DUE

PUBLISHING, banking [illegible] industrial group Pearson is *today expected to unveil a significant* drop in pre-tax profit for the year to December 1990 compared with [illegible].

Analysts [illegible] looking [illegible] a pre-tax profit of around [illegible] pre-tax. At one time estimates [illegible] heading [illegible]ards £300m.

Pearson has been hit by the advertising recession, poor [illegible] sales and harder times for [illegible]. The strength [illegible] US earnings.

Results today from [illegible]don, [illegible] conglomerate [illegible] building products, *security printing* [illegible] Packaging. [illegible] French-run packaging [illegible], [illegible] expected [illegible] profits just [illegible].

[illegible] compares with [illegible] made in [illegible] previous nine months, suggesting little in the *way of real growth, which is* not surprising given the [illegible]culties in the building [illegible]try.

[illegible] disposal of its Grattan mail [illegible] £165m, [illegible], the [illegible] retailing company, will at least survive. [illegible] shareholders [illegible] likely [illegible] when [illegible] company reports [illegible] annual results on Wednesday.

Next [illegible] already [illegible] that it [illegible] a pre-tax [illegible] of [illegible] in [illegible] January 31. After exceptional provisions [illegible] write-downs, [illegible] are expected [illegible] £222m.

[illegible] will [illegible] to [illegible] Next [illegible] now [illegible] and [illegible] prospects are [illegible]-down company. The cynics will [illegible] content [illegible] by [illegible] of Next's [illegible]ous provisions can be released [illegible] profits.

Smiths Industries, the [illegible], medical and ind[illegible] [illegible] is expected [illegible] produce [illegible] pre-tax profit figure [illegible] year's [illegible] it reports on Wednesday.

With half its business in the US, [illegible] comparative [illegible] dollar [illegible] knock [illegible] profits. However, [illegible] in [illegible] bank [illegible] August will have provided a nice [illegible] *of* [illegible]. The question [illegible] will Smiths [illegible] this [illegible] chest, especially as [illegible] faces the challenge *of building* [illegible] non-military work?

UK COMPANIES

■ **TODAY**
COMPANY MEETINGS:
[illegible] (T), Cowie Interleasing North, [illegible] Road, Sunderland, 12.00
TR Pacific Inv. Trust, Mermaid House, 2, Puddle Dock, E.C., [illegible]
BOARD MEETINGS:
Finals:
Chepstow Racecourse
Eurotunnel
Fortnum [illegible]
Gowrings
[illegible]
MB-Caradon
[illegible]
North [illegible] Inv.
[illegible]
[illegible]
Sykes-Pickavant
[illegible] Friendly [illegible]
Interims:
Highland Distilleries
[illegible] Materials

■ **TOMORROW**
COMPANY MEETINGS:
[illegible] Nicholson, Runnymede [illegible], [illegible] Road, Egham, Surrey, [illegible]
Cresta, Palace Hotel, Douglas, [illegible] Man, [illegible]
Foreign & Colonial Inv. Trust, Skinners' Hall, [illegible] Dowgate Hill, E.C., 12.00
Heywood [illegible], [illegible] Village, Brighouse, West Yorkshire, 11.45
Kleen-E-Ze, NSP House, 211, Lower Richmond Road, Richmond, Surrey, 10.00
St. Modwen Props., Ironmongers' Hall, Barbican, E.C., 12.00
[illegible]
Finals:
[illegible] Workwear
Blockleys
Boosey [illegible]
Bostrom
[illegible] End Props.
[illegible] *Group*
City Centre Restaurants
Erith
[illegible] Intl.
[illegible] (John)
Richards
Savoy Hotel
Sherwood Computer
Thompson [illegible]
Tudor
UK [illegible]
Interims:
[illegible]
Stanhope Props.
[illegible] Storeys
Wescol

■ **WEDNESDAY**
APRIL 10
COMPANY MEETINGS:
Hewitt (J) (Fenton), [illegible] Hotel, Trinity [illegible] Hanley, Stoke-on-Trent, 10.30
[illegible] St. Clements House, 2-16, Colegate, Norwich, Norfolk, 10.15
London Forfaiting, International [illegible] 1, [illegible] Katherine's Way, E., 12.00
Serco, The Brewery, Chiswell [illegible] E.C., 10.45
Smaller Companies Inv. Trust, Miniver House, [illegible] Hill, E.C., 12.30
BOARD MEETINGS:
Finals:
[illegible] (Percy)
Brabant [illegible]
Cairn Energy
Dagenham Motors
FBD
Haden MacLellan
Herring Son [illegible] Daw
[illegible] Lerose
Next
[illegible] Peacock
[illegible] Group
[illegible] (Alexander)
Qu[illegible] Moat [illegible]
RMC
Sherwood Group
Sindall (William)
Stylo
Wace
Interims:
Smiths [illegible]
TIP Europe

■ **THURSDAY**
APRIL 11
COMPANY MEETINGS:
English & Scottish [illegible] Gartmore House, 16-18, [illegible] E.C., 3.30
McAlpine (Alfred), [illegible] International [illegible] Trinity Street, [illegible] 12.15
[illegible] Bulletin, London Press Centre, 76, Shoe Lan[illegible] E.C., 12.00
Porvair, Watermen's Hall, 18, [illegible] Mary at Hill, E.C., 12.00
Sedgwick, Sedgwick Centre, E., 12.00
Wyevale Garden Centres, Kings Acre, Hereford, 10.30
BOARD MEETINGS:
Finals:
Billam (J)
Bodycote Intl.
Fitch RS
Hampden Homecare
Lamont
Lawrence (Walter)
McLaughlin [illegible] H[illegible]
Malaya
Medeva
Micro Focus
Pittard Garnar
Interims:
AB Electronic [illegible]
Barry Wehmiller Intl.
Dowding & Mills

■ **FRIDAY**
APRIL 12
COMPANY MEETINGS:
Chieftain, Gosforth [illegible] Hotel, Newcastle upon Tyne, 11.30
Hunterprint, 15, Saxon W[illegible] East, Oakley Hay Industrial Park, Corby, Northants, 10.00
BOARD MEETINGS:
Finals:
Associated Farmers
Dinkie Heel
F & C Pacific Inv. Trust
[illegible] Heritable Trust
Wembley

Company meetings are annual general meetings unless [illegible]

DIVIDEND & INTEREST PAYMENTS

■ **TODAY**
Abbey National Fltg [illegible] 1993 £351.53
Ashtead 1.1p
[illegible] 0.5p
[illegible] (Br) 0.5p
Baldwin 1.4p
Banks (Sidney C) 12.35p
British [illegible] 1p
Brunner Inv Tst 2.3p
Burndene [illegible] 5.5p
[illegible] 8.551p
[illegible] Bank of [illegible]
Adj Rate Nts 1992 A$153.75
Countryside Props 2.7p
Cowie [illegible] 2.5p
Crosby (James) 0.75p
[illegible] Electric Intl. 2p
Dalepak Foods 1.2p
[illegible] Printing Sci. 3.45p
Eurocopy 2.9p
[illegible] Leisure 3.5p
Firth (G M) 1p
Fleming Amer Inv Tst 1.25p
Fleming [illegible] Inv 2.5p
Fyffes 0.742p
GWR 3p
[illegible] 0.75p
Gibbs Mew 3p
Goodhead 0.5p
Grand Metropolitan 12.8p
Hawtin [illegible]
Hill [illegible] 3.75p
[illegible] 3.3p
Jacques [illegible] 4p
Jones, [illegible]
[illegible] (A) 45p
[illegible] Prf. 1.96875p
[illegible] Inv Tst 3.6p
[illegible]
Lonrho 11p
MMI 1p
Macarthy 7.5p
[illegible] 1.25p
[illegible] 5.75p
[illegible] 2.2p
Microgen 4.8p
Moorfield [illegible] 1.2p
Mountleigh 1.25p
Osprey [illegible] 1.35p
PWS 2.2p
Phot[illegible] 1.2p
Porter [illegible]
Prospect [illegible] 0.1p
[illegible] Org. 20.75p
[illegible] (William) 0.525p
River [illegible] Tst 4.54p
Sterling Publishing 1.5p
[illegible]
TACE 7.75p
Trust of Property
[illegible] 1.364p
[illegible] Invs. 2.5p
Whitegate Leisure 0.3p
Willoughby's [illegible] 1p
Do. Pfd. 1p
[illegible] Inv. 2.5p
Wyko 1.4p

■ **TOMORROW**
[illegible] 1.75p
[illegible], Consultants 2.2p
[illegible] 2.2p
[illegible] Bingley Bldg. [illegible] Fltg [illegible]
[illegible] 6.5p
[illegible] Austin 1.3p
Davenports Brew. [illegible] 2.001pc
Enterprise [illegible] Fltg [illegible]
Eurotherm Intl. 4.55p
Fairway (London) [illegible]
Heath (Samuel) 1.5p
R[illegible]kil 2.24p
Torex Hire 0.8p
Union [illegible] of Finland Var [illegible] Sub [illegible] $203.13

■ **WEDNESDAY**
APRIL 10
[illegible] 0.75p
Bradford & Bingley Bldg. [illegible] Fltg Rate Nts *1997 £346.41*
Britannia Bldg. [illegible] Fltg Rate [illegible] 1993 £348.29
[illegible] Cairn Inv. *0.7p*
English [illegible]
Inv. 1p
Foreign & [illegible] *Inv Tst 1.9p*
Gartmore Emerging [illegible] Inv [illegible] 0.1p
[illegible]
[illegible] G Far East & Gen [illegible] 0.7p
[illegible] (Philip) [illegible]
[illegible] *Anglia Bldg. Soc. Fltg* [illegible]
[illegible] Fltg/ *Fixed* [illegible] *Gtd* [illegible]
[illegible] 1.8p
Treatt [illegible]

■ **THURSDAY**
APRIL 11
Cantors 1p
Do. A 1p
[illegible] Bank for Econ. Integn. Fltg [illegible]
Continental [illegible] 0.7p
Conversion 10pc [illegible] 5pc
[illegible] Rintoul [illegible] 1.5p
Hongkong & Shanghai *Banking Fltg Rate Nts* 3rd [illegible] $96.09
Islington 12.65pc [illegible] 6.325pc
National Australia [illegible] *Sub Fltg* [illegible] $421.51
[illegible] 2.8p
[illegible] Chemicals 9p

■ **FRIDAY**
APRIL [illegible]
BZW [illegible] Inv Tst 1.5p
Coleman [illegible] Fowler 1.3p
Courts (Furnishers) 1.83p
Fletcher Challenge 11.5cts
Heywood [illegible] 8p
[illegible] 12½pc Ln 2008 (Br) 6.25pc
Do. (Reg) [illegible]
[illegible] 2.25p
London Forfaiting 4.625p
Motorola 19cts
Porvair 2p

■ **SATURDAY**
APRIL [illegible]
Treasury [illegible] Ln [illegible] 4pc
Treasury 9pc Ln [illegible] 4.5pc

■ **SUNDAY**
APRIL 14
Australia (Commonwealth of) 9½pc Ln 2012 4.75pc

ARCHITECTURE

Alexander the 'Greek'

The work of Alexander Thomson in Glasgow is due for a timely revival of interest, says Colin Amery

Glasgow is very famous for one architect in particular; everyone knows the angular geometry of Charles Rennie Mackintosh (1868-1928). His popularity has reached tea towel status – he was a star of Glasgow's year as European City of Culture – and over exposure has [illegible]hat [illegible]mmed his brilliance.

But there is another architect of equal brilliance and influence whose time [illegible] come. Alexander Thomson (1817-[illegible]) the Victorian architect, always known as Alexander "Greek" Thomson, is due for a timely revival. Tomorrow, on the anniversary of his birth, a new society is to be launched in Glasgow dedicated to ensuring that his architectural legacy is protected and his talent cherished and appreciated.

"Uniquely in Europe, Alexander Thomson brought abstraction into play in urban architecture, creating a style which gave drama [illegible] churches and public buildings, an [illegible]tensity of feeling to his [illegible] blocks, and a romantic earthiness [illegible] his suburban villas." These words by Sir John Summerson sum up the importance of Thomson today. He was not an architect who merely carried on the Greek Revival, he was rightly considered to be an original architectural thinker. His interest was in architectural form, and his achievements were not confined to a purely Greek style. As Sir Reginald Blomfield wrote about Thomson in 1904: "While most of [illegible] contemporaries were scratching about in the rubbish heaps [illegible] medieval [illegible], Thomson was soaring aloft in the spacious solitudes of pure architecture . . . where Thomson was strong, with [illegible] strength sometimes amounting to genius, was in [illegible] mastery of [illegible] form."

You would think that an architect like Thomson, clearly as inspired and as good as Schinkel or Von Klenze, would have been the hero of modern architects in this century with their much vaunted interest in "pure form". The tragedy is that Thomson's buildings have suffered from the hands of demolition gangs and from a neglect that seems perverse alongside the almost hysterical admiration of Mackintosh. But there is a lesson in all this. It is only 20 years ago that three major buildings by Mackintosh were threatened and the great turn around in support for Mackintosh has grown out of the foundation in 1973 of the Charles Rennie Mackintosh Society. Perhaps the new Thomson [illegible]ety will help to save and repair the remaining heritage of his [illegible] as well as enhancing his academic reputation. (A public meeting is to be held on April 9, at his splendid church at 265 St Vincent Street, Glasgow, [illegible] launch the new pressure group.)

The finest sight of Thomson's archi[illegible] is perhaps the view of the campanile of the former Caledonia Road United Presbyterian Church that you can glimpse from the curve of the railway from London as it crosses the Clyde and glides into Glasgow Central. But despite it[illegible]ave and majestic Italianate beauty [illegible] church is a terrible ruin. When you walk up to this wonder among the cruel tower blocks of the Gorbals its portico gives on to a shell that is open to the sky.

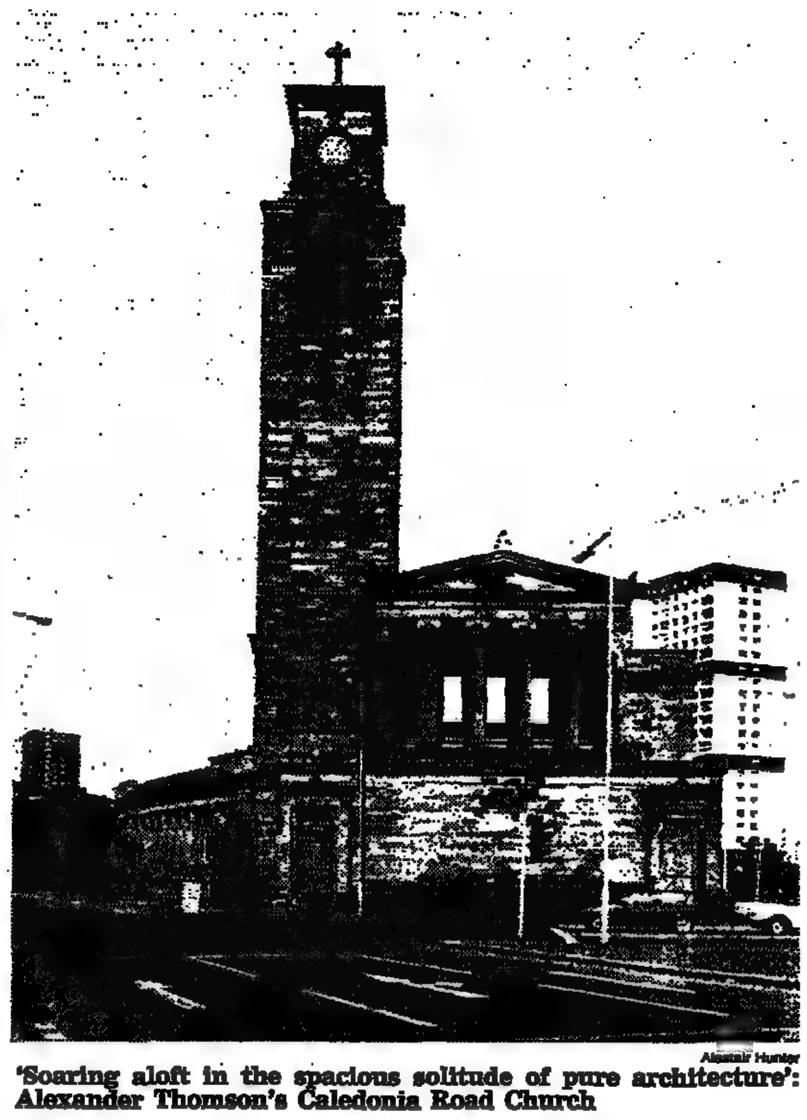
There is some hope for this tragic ruin. The Scottish Development Agency are planning new housing in [illegible] near the church, which will be designed by Piers Gough, and [illegible] church may become some kind of Gorbals Institute. Curiously the city council's [illegible]te department [illegible] long ago granted a lease of 60 years to a restaurateur to turn the ruin into a [illegible]cial restaurant.

The marvellous St Vincent Church is also owned by the city council but leased to the Free Church congregation. The church looks after the interior but the council neglects the exterior and tries every now and then to evict the congregation by refusing to renew their lease. Not an ideal or steady situation for the maintenance of an historic building. St Vincent sits on a great wedge of wonderful granite that deals with the steeply sloping site, and there have been plans to put some profitable uses in this basement so that the financial position of the church could be improved. There is no Redundant Churches Fund in Scotland and so the difficulty of saving important urban ecclesiastical architectural masterpieces is almost an impossible one.

Thomson was more than churches. He refined the traditional tenement and enhanced the city's commercial architecture. He also built fine villas and terraces. Arguably his greatest commercial building, Egyptian Halls in Union Street, [illegible] owned by the proprietor of a Chinese restaurant but is sadly neglected. With [illegible] facade and remarkable cornice it is one of Thomson's best constructed buildings. There is talk of a Compulsory Purchase Order being served on this.

Other Thomson treasures are [illegible] domestic terraces – some of them as fine [illegible] any neo-classical [illegible] in Europe. These are not always in the [illegible] desirable parts [illegible] but they need well-heeled and sympathetic owners.

While one must applaud any effort to save this great European heritage of Thomson's work – [illegible] a Society the only way [illegible]? I would have thought that it could well be timely to establish an Alexander Thomson Property Company which would enter the property market and buy his buildings with a rolling fund. The restored Egyptian Halls should be a fine, [illegible] rent building and recording studio or leisure [illegible] would be suitable for parts of the two churches. Other [illegible] buildings [illegible] have [illegible] and repaired buildings – Scottish commercial acumen is needed now as well as a revival of aesthetic appreciation of [illegible] "Greek".



Alastair Hunter

'Soaring aloft in the spacious solitude of pure architecture': Alexander Thomson's Caledonia Road Church

Boris Godunov

COVENT GARDEN

The 1983 Royal Opera *Boris*, single opera production by the late film-maker Andrey Tarkovsky, returns to the house. The giant bell and pendulum swing with austere eloquence in the great central arch. [illegible] single theatrical space integrates palace and inn, monastery and public square, past guilts and [illegible] struggles. [illegible] agonies of Russia at a turning point in its history are caught with poetic economy and cinematic truthfulness – indeed, the topicality of this craggy masterpiece (filled with lines like "the Russian people cry for bread", and "the boyars plan rebellions, there are conspiracies in Lithuania") has never seemed more pressing.

The staging has been, for the most part, wisely cast, and (by Irina Brown) carefully revived. In an ideal world the dances of Act 4 would be executed with snappier precision, the chorus would know their Russian words without prompting, and the choral tone would be less raggedly thin in the Prologue. ("Come on!", says the surtitle, "Don't spare your voices!") In spite of these flaws, the opera sweeps off the stage, out [illegible] the pit, and into the lives of its audience in the gripping, reverberating way that indicates [illegible] all the presence of a master conductor in the house.

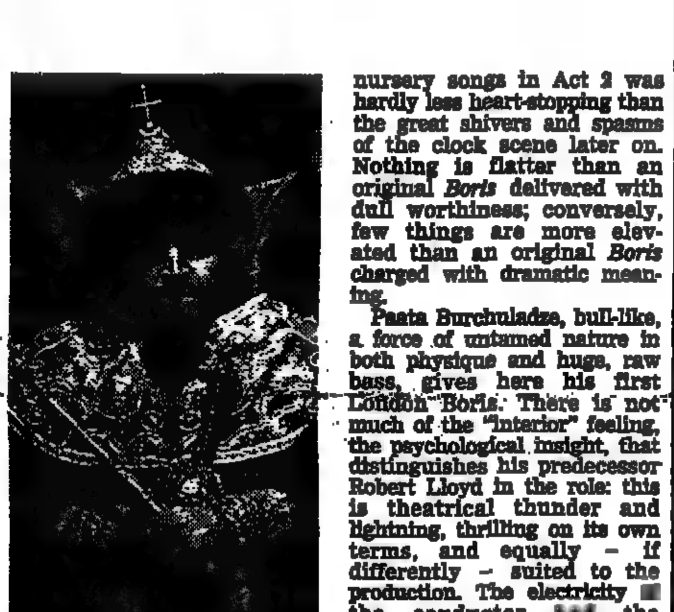
Gennady Rozhdestvensky conducted the same opera here (in its Rimsky-Korsakov re-scoring) 21 years [illegible]. No-one who heard the performance can [illegible] forgotten it: the mystery is why the Royal Opera then took so long [illegible] invite him back (especially since the Royal Ballet had memorable *Nutcrackers* from him in the 1980s).

[illegible] he brings to the original Mussorgsky scoring the same gift for theatrical animation, the same sense of filling the music with both dramatic import and lustre of sound – and the gain is infinitely greater.

The orchestra play their hearts out [illegible] this conductor; the beauty of the accompaniments to [illegible] nursery songs in Act 2 was hardly less heart-stopping than the great shivers and spasms of the clock scene later on. Nothing is flatter than an original *Boris* delivered with dull worthiness; conversely, few things are more elevated than an original *Boris* charged with dramatic meaning.

Paata Burchuladze, bull-like, a force of untamed nature in both physique and huge, raw bass, gives here his first London Boris. There is not much of the "interior" feeling, the psychological insight, that distinguishes his predecessor Robert Lloyd in the role: this is theatrical thunder and lightning, thrilling on its own terms, and equally – if differently – suited to the production. The electricity [illegible] the conductor [illegible] the larger-than-life vitality of his titular exponent are certainly well matched.

Four members of the home team [illegible] particularly to be admired for their disciplined, finely sung characterisations: Robert Tear an incomparably elegant, menacing Shuisky, Stafford Dean (in superb voice) [illegible] slithery Rangoni, Gwynne Howell nobler than ever as Pimen, David Wilson-Johnson a trenchant Shaklovity. Paolo Kudryavchenko [illegible] a loud, sometimes stirring Pretender, Eva Randova a skilful if [illegible] exactly sensuous Marina. Because of Rozhdestvensky – and, of course, Tarkovsky – the sum is, as it should be, greater than its parts.



Paata Burchuladze: a force of untamed nature as Boris

Max Loppert

Ten For One

THE PLACE

London Contemporary Dance Theatre is paying tribute to Robin Howard by presenting [illegible] season of ten dance works – some old, some new – that reflect the extraordinary vision, determination and generosity of its founding father. The setting is, of course, The Place, where LCDT put down its roots, and the first programme on Friday night was, very rightly, introduced by Robert Cohan, whose affectionate memories of Howard and Martha Graham were especially poignant in the week that was shadowed by the news of Graham's death.

Cohan's *Forest* began the evening. It remains a dazzling exercise in anthropomorphism, as the life of the forest and its creatures shapes the choreo[illegible].

Wind, bird calls, rain, movement, become mysteriously one, and we are caught up in the serenities and watchful tensions of the wild. Superb performance from the cast, with Darshan Singh Bhuller intensely attuned to the imaginative world of [illegible] beauti[illegible] dances.

The presence of Martha Gra[illegible] [illegible] solo *Lamentation* on this evenin[illegible] touching and piously righ[illegible], with Joyce Herring a welcome guest from the Graham company to dance [illegible]. But [illegible] movement now [illegible] more [illegible] than [illegible], [illegible] the seated dancer strains inside a mauve fabric tube, registering pain that seems intestinal as much as [illegible]. It is [illegible] period piece whose time has passed.

Jonathan Lunn – who has devised this season – represents the third generation of LCDT creators, and his *Hang Up* of 1987 is [illegible] duet concerning two lovers, their infidelities charted in a dialogue by Anthony Minghella. Suspicion, frustration are the matter of text and dance, with the voices of Juliet Stevenson and David Threlfall matched by the bodies of Lauren Potter and Jonathan Lunn: the situation may be trumpery, the expression is sure.

To represent the new influences that Howard encouraged, the evening ends with *Rikud* by the Israeli choreographers Liat Dror and Nir Ben Gal. Vital though novelty may be, [illegible] offering is [illegible] sore trial to the spirit. The four men and three woman of the cast are garbed alike in hideous charcoal frocks and clunky [illegible], while musicians who are to play part of the [illegible] piano quintet are seated at the back of the dance area. The choreography is a temper tantrum, furiously energetic in its rushes, flying falls and stampings; neurotic in bullying and maltreating the dancers, nagging obsessively at the idea of exhaustion as style. LCDT's artists knock themselves out in the service of such brutalisms, the admirable Kenneth Tharp even managing to extract a few jokes from these fatuities early in the piece. But it is essentially vampiric, an endurance test that feeds on its interpreters so that they look drained and foolish.

Clement Crisp

Gloria Estefan

WEMBLEY ARENA

The rise, and rise, of Gloria Estefan to her [illegible] office eminence is something of [illegible] mystery. Based in Florida she gre[illegible] [illegible] of the Miami [illegible]und Machine, an expatriate Cuban band which had some success in the mid '80s. Her solo career has been punctuated by a few hits, but she did not really touch the collective nerve until she broke her back in a [illegible] last [illegible]. This has brought her the sympathy vote which is currently packing Wembley.

The biggest legacy of her growing fame has been to push Ms Estefan away from her roots and into the great middle ground. Once billed as the "Queen of Latin Pop" she has badly diluted her ethnic rhythms in favour [illegible] all-American stadia rock show which owes much to Madonna.

She is at her best when she takes to her stool for the ballad [illegible], slipping in Spanish songs to pad out her big num[illegible].

Anyone anticipating a hot night in old Havana got [illegible] a [illegible] homogenised home entertainment. Best to wait for another visit from the real tabasco – Celia Cruse.

Antony Thorncroft

SPONSORSHIP

Lottery loses out

One of the greatest lobbying coups of recent years was th[illegible] nobbling of the Chancellor [illegible] the Exchequer, Mr Norman Lamont, a few days before the Budget by Littlewoods Pools. It managed to ditch plans for a national lottery which would have decimated its income (but would have substantially helped the arts) in favour of [illegible] "Foundation" with about £60m a year to be spread between sport and the arts.

The "Foundation" will cost the pools companies – and mainly Littlewoods – £40m in direct contributions, but they regard this [illegible] small price to pay for [illegible] off, [illegible] temporarily, a national lottery. Mr Tim Renton, minister for the arts, was caught unaware by the Foundation, which he dismissed as a "lollipop".

Its form and function remain [illegible] mystery. Negoti[illegible]tio[illegible] are underway between the pools companies and the Treasury about the details and there is a chance that it will be in operation by the start of the new soccer season in August. This sports bias [illegible] that the arts, which hope to get half the money, are likely to be disappointed. So far no arts organisations have been involved in the [illegible]. The [illegible] Council would like the Foundation to act as a building fund, making good the loss of its Housing the Arts budget. Arts companies facing extinction, like London City Ballet and Second Stride, would like it to cut [illegible] dash by handing out cash now. At the moment it looks like [illegible] cynical move by the pools promoters to safeguard their interests, with the arts tacked on as [illegible] sweetener to persuade the chancellor.

Whatever emerges it makes Mr Peter Moores, whose family runs Littlewoods, a rival to the Sainsburys as a benefactor, both willing and unwilling, of the arts. Through his personal Foundation he [illegible] given nearly £4m to the arts, mainly opera and modern art. Earlier this year he handed over [illegible] £1m cheque towards the Royal Liverpool Philharmonic's £6m [illegible] fund appeal. Now, through his company, he has a chance to play the patron on an even grander scale.

■ It looks as if another private [illegible] arts, [illegible] Hughes, has had enough. For years he pumped literally millions into London City Ballet, of which he was chairman. The classical ballet [illegible] toured the nation, and the world, to popular, if not always critical, acclaim. But it never managed to gain regular funding from the Arts Council.

It is probably the most successful arts organisation in the UK in attracting sponsors, this year contributing £800,000, almost half its revenue; the rest comes from the box office. But this example of commercial rectitude is giving up in June unless it shames the Arts Council, or the arts minister, into acknowledging its role in the national dance scene by giving [illegible] a subsidy, at [illegible] £500,000, to enable it to fulfil its ambitions.

It must be almost unprecedented for a solvent company to stop working, but John Hughes and his board see little point in struggling on alone. At the moment the minister is sheltering behind the arms-length principle and the Arts Council is turning a deaf ear. This infuriates sponsors, who feel that they are carrying all the burden. They hold to the government line that the arts in the UK should be dual funded – by public subsidy and sponsorship – and they feel that the government is backsliding.

Some sponsors, notably BP, are suggesting that LCB's commercial backers should chip in the necessary cash. After all, Barclays [illegible] waiting to become a major £100,000-plus [illegible] from June. This would solve the immediate problem but not the long-term stalemate. Unless Mr Renton applies [illegible] on the Arts Council a competent dance company, which has brought pleasure to millions, will suddenly disappear.

■ One area [illegible] the arts which until recently avoided, for good or ill, contact with [illegible] was the public [illegible]. This is changing. The arts minister is encouraging libraries to develop alternative sources [illegible] funding rather than rely [illegible] cash-strapped local authori[illegible] this is introducing libraries [illegible] sponsors.

To [illegible] of [illegible] with [illegible] parties. The Birminghham-based [illegible] Library Service, [illegible] of books, [illegible] putting up [illegible] three years [illegible] help publicise [illegible] Carnegie and Greenaway Medals. These have been awarded respectively since 1935 and 1955 [illegible] annually acknowledge [illegible] in the writing, and illustration, of books [illegible] children, but [illegible] the organisers of [illegible] awards, [illegible] Library Association, [illegible] funds, their [illegible] minimal. After much heart searching [illegible] accepted sponsorship [illegible] which [illegible] be used to promote [illegible] medals – and [illegible] books.

In addition, Southern Arts [illegible] launched a scheme, "Well Worth Reading", [illegible] publi[illegible] good contemporary fic[illegible] in libraries. Once again [illegible] retail book trade, notably Penguin, Waterstones, [illegible] library suppliers [illegible] Book Supplies, have [illegible] happy [illegible] a collective £10,000 [illegible] pay for the literature to promote [illegible] books.

■ BP [illegible] come up with [illegible] £20,000 needed to [illegible] £20,000 [illegible] the British Council [illegible] enable the National Theatre to tour its successful production of *Tartuffe*, with an Asian cast, to Spain, Ireland and Turkey in the next two months. It could be the start of an [illegible] BP arts sp[illegible]hip programme.

■ A first time sponsor in the UK is Air Canada which has made possible *The True North*, the first major show of the Group of Seven, the Canadian landscape artists of the early 20th century, in London – at the Barbican Art Gallery from April 19.

■ The Barbican Gallery has just launched a drive for corporate friends, with the usual benefits for employees and for company entertaining. Another big institution to go out belatedly for corporate sponsors is the Crafts Council, which is in the process of moving to a grand early 19th century building, a converted chapel, in Islington. Founder Friends get a generous package of benefits for £1,500.

■ Home Brewery, part of Scottish & Newcastle, has become an important first time sponsor. It is putting £50,000 behind its local theatre, the Nottingham Playhouse, which will allow it to return to a repertory system.

■ The RSC has returned to a revamped Barbican – thanks [illegible] sponsors. During the four-month break designers [illegible] given the [illegible] a new identity – at [illegible]. It [illegible] persuaded 18 [illegible] suppliers [illegible] provide sponsorship in kind.

Antony Thorncroft

INTERNATIONAL

ARTS GUIDE

TODAY'S EVENTS

■ BERLIN

Staatsoper unter den Linden [illegible] Der Schauspieldirektor. Trovatore. Wed: Spartacus. Sat: Tannhauser. Sun: [illegible] Contes d'Hoffmann (2004 762)

Deutsche Oper Giuseppe Sinopoli conducts Graham [illegible] new production of Otello with Vladimir Atlantov in title role and Julia Varady [illegible] Desdemona, [illegible] Fri. Tomorrow: Der fliegende Hollander. Wed: I Puritani (3410 249)

Philharmonie Kammermusiksaal Daniel Barenboim conducts Berlin Philharmonic Orchestra in music by Berg and Schoenberg. Tomorrow: Peter Keuschnig conducts music by Kurt Weill and Ernst Toch. Thurs [illegible] Sun: Gidon Kremer is violin soloist with Berlin Philharmonic (2614 383)

Theatre
This week's repertory includes Mother [illegible] and The Threepenny Opera at the Berliner Ensemble (2827 712); Ionesco's The Bald Prima Donna, [illegible] The Hostage and [illegible] Theater [illegible] 225); Chekhov's Three Sisters at the Maxim Gorki Theater (2082 [illegible]), and [illegible] The [illegible] and Moliere's [illegible] imaginaire at [illegible] Volksbuhne [illegible] in the western part of the city the Schaubuhne (890023) [illegible] presenting [illegible] Amphitryon and Luc Bondy's production of [illegible] Winter's Tale, while the Schiller Theater (3195 236) has Schiller's The Robbers and Goethe's Faust

■ BOLOGNA

[illegible] **Communale** The Wallace Collection [illegible] by Gabrieli, Frescobaldi, [illegible] and others. Wed and [illegible] Rossini's Mose. Fri: Julliard Quartet (529999)

■ BRUSSELS

Palais des [illegible] /Neville Marriner conducts Academy of St Martin-in-the-Fields in programme including Stravinsky's Firebird, Nicholas Maw's Spring Music [illegible] left hand concerto with Andrei Gavrilov. Fri: Belgian National Orchestra play Ravel [illegible] Shostakovich (507 8200)

■ CHICAGO

Orchestra Hall. Georg Solti conducts concert performance of Verdi's [illegible]. Repeated Fri. Wed and Thurs: Solti conducts Michael Tippett's new work Byzantium, with Jessye Norman soloist (435 6666)

■ GENEVA

Grand Theatre Last performance of Kurt Wilhelm's production of Intermezzo [illegible] by Jeffrey Tate, [illegible] Inga [illegible] Christine (212311). Fri in Victoria Hall: Armin Jordan [illegible] Haydn's The [illegible] (292511)

■ LONDON

Music
Covent Garden 19.00 Stephen Barlow conducts Everding production [illegible] Die [illegible]. Tomorrow, Thurs and [illegible] Rozhdestvensky [illegible] Tarkovsky production [illegible] Boris Godunov (240 1066)
Purcell Room 20.00 Capricorn ensemble plays programme of 20th century Italian music (928 8800)
South Bank, [illegible] concerts include [illegible] Weller conducting [illegible] Philharmonia (tomorrow), Ivan Fischer conducting Beethoven with [illegible] the Age of Enlightenment (Wed), Andrew Davis conducting Hugh [illegible] Symphony (Thurs), Alexander Gibson and the RPO (Fri), [illegible] Rattle conducting Pelleas et Melisande (Fri) and a Brahms trio programme with Ashkenazy, Perlman and Harrel [illegible]
Queen Elizabeth Hall 19.45 Stephen Petronio Company, [illegible] tomorrow (928 8800)

Theatre
This [illegible] include [illegible] Jones, Oscar Hammerstein's Bizet-inspired musical set in the US in [illegible] World War, directed by Simon Callow (Old Vic), English Shakespeare Company productions [illegible] Coriolanus and The Winter's Tale directed by [illegible] Bogdanov (Aldwych), Ian McKellen as Richard III (National) and [illegible] Chameleon, Christopher Hampton's [illegible] play [illegible] young boy growing up in Egypt in the [illegible] (National). [illegible] Plays 0836 [illegible] 0836 430960 Comedies 0836 430961 Thrillers 0836 430962

■ NEW YORK

Music
Carnegie Hall 20.00 Alfred [illegible] plays Haydn, Schumann [illegible]. Wed: recital [illegible] Alicia [illegible] Larrocha. Fri: [illegible] Domingo sings in a Carnegie Hall gala [illegible] concert (247 7800)
Metropolitan Opera 20.00 [illegible] La Clemenza di Tito with a [illegible] led by Roberta Alexander and Tatiana Troyanos, [illegible] Thurs. Tomorrow: [illegible] with Teresa Stratas and Neil Shicoff. Wed and Sat: I Puritani. Fri: Luisa Miller (362 6000)

Theatre
This [illegible] include A Room [illegible] Own, with Eileen Atkins starring as Virginia Woolf in an adaptation [illegible] Patrick Garland of her [illegible] calling on women [illegible] declare their independence, talent and [illegible] their [illegible] destinies (Lamb's Theater). The Maids, all-male production [illegible] Jean Genet's modern [illegible] about [illegible] try to escape their lowly position in life through a deadly game of make-believe (House of Candles), the comedian [illegible] Mason's one-man show (Neil Simon) [illegible] Candida, G B [illegible] play about a suburban London [illegible] who must [illegible] between her husband and an 18-year old poet (Playhouse 91). Ticketron (246 0102) [illegible] inquiries and [illegible]

■ PARIS

Music
TMP-Chatelet 19.00 Elena Bashkirova and [illegible] of [illegible] Berlin Philharmonie play quartets [illegible] quintets by Mozart, Brahms [illegible] Schnittke. Thurs: Brahms piano [illegible] with Vladimir Ashkenazy, Lynn Harrell [illegible] Itzhak Perlman. [illegible] chamber music [illegible] Faure and Pierne (4028 2840)
[illegible] Pleyel 20.30 Jon [illegible] Ensemble Orchestral de [illegible] in all-Mozart programme, with June Anderson [illegible] in Exsultate jubilate, also tomorrow (4561 0630). [illegible] and Thurs: [illegible] Skrowaczewski conducts [illegible] de Paris, with Augustin Dumay [illegible] in Berg's Violin Concerto [illegible] 0796)
Opera Bastille [illegible] Members [illegible] play chamber music by Mozart and beethoven (4001 1616)
[illegible] events this week include Robert Carsen's production of Manon Lescaut, opening tomorrow at the Opera Bastille [illegible] running till May [illegible] (4001 1616); a Nijinska/Nijinsky programme performed [illegible] the Opera Ballet every evening [illegible] from tomorrow at [illegible] Palais Garnier (4742 5371); [illegible] 17th century musical entertainment by Favart and Duni opening on Fri at the Opera Comique (4286 8883); and [illegible] concert by the Orchestre National de [illegible] by Jeffrey [illegible] on Fri [illegible] Champs-Elysees (4720 3637)

Theatre
This week's repertory includes Strindberg's The Father and Gildas Bourdet's production of Le Malade Imaginaire [illegible] Francaise (4366 [illegible] The [illegible] of [illegible] by Matthias Langhoff [illegible] la Ville (4274 [illegible])

■ VIENNA

Staatsoper [illegible] Die Zauberflote, [illegible] Sylvia McNair [illegible] Pamina and Robert Gambill as Tamino. Tomorrow: [illegible] with Gwyneth Jones as [illegible] Marschallin. [illegible] and Pag. Thurs: [illegible] Neumann conducts Jenufa. Fri: Ariadne auf Naxos. Sun: Lohengrin (51444 [illegible])
Volksoper [illegible] Millocker's Der Bettelstudent. Tomorrow: Kalman's Grafin Mariza. Wed: [illegible] Fair Lady. Thurs: Merry Widow. Fri: [illegible] Fledermaus (51444 [illegible])
Musikverein 19.30 Heinz Wallberg [illegible] Tonkunstler Orchestra in music by [illegible] Brahms. Tomorrow: Schubert Trio plays piano trios by Haydn, Smetana [illegible] Urbanner. Thurs: [illegible] Quartet. Fri, [illegible] and [illegible] George [illegible] Vienna Symphony [illegible] (505 8190).
Konzerthaus [illegible] 19.30 Vienna Chamber Orchestra [illegible] by Janacek, Haydn and Schoenberg. Wed: piano [illegible] by Ingrid Haebler. Thurs: Angel Romero, guitar, and Kuchl Quartet [illegible] by Boccherini and Castelnuovo-Tedesco (7124 6860)
Konzerthaus Schubert-Saal [illegible] Klangforum Wien presents [illegible] programme, include works by Beat Furrer and Helmut Lachenmann. Tomorrow: Violin recital by Gerhard Schulz (7124 6860)

European Cable and Satellite Business TV

(all [illegible] CET)

MONDAY [illegible]
Eurosport
[illegible] International [illegible]ness report
CNN
0500-0530 Moneyline
0800-0830 Moneyline
[illegible] CNN Market [illegible]
[illegible]
2000-2030 World [illegible] Today - a joint FT/CNN production with a [illegible] the day's major [illegible]
2300-2330 World [illegible] Today
[illegible] Moneyline
Superchannel
0700-0830 Financial Times [illegible] Report
A five [illegible] briefing [illegible] and 0800 2130 & [illegible] only) [illegible] 0830 (Thurs only) [illegible] Times [illegible]

SATURDAY
CNN
0800-0830 Moneyline
0900-0930 World. [illegible] Today - [illegible] joint FT/CNN pro[illegible]
1540-1610 Moneyweek
1900-1930 World [illegible] This [illegible]
2110-2140 [illegible]

SUNDAY
Superchannel
1800-1830 FT [illegible] Weekly
CNN
0710-0740 Moneyweek
1540-1610 Your Money
[illegible] Moneyweek
0040-0110 Inside [illegible]

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Dilemmas of dirigisme

THE FRENCH government last week executed a sidestep over industrial policy worthy of Philippe Sella, the famous rugby union centre. On Wednesday it announced plans to pump FFr6bn into Groupe Bull, the state-owned loss-making computer company, and Thomson, the struggling defence and consumer electronics combine. That re-assertion of socialist interventionism was followed on Friday by an apparently liberal decree to allow private shareholders to own up to 49 per cent of state-owned companies.

This p[illegible]tic mixture of interventionism and liberalism *is in line with the "neither/nor"* policy of President Mitterrand, ruling out further nationalisation or privatisation. This pragmatism has meant that the interventionist attempt to turn Thomson and Rhone Poulenc into [illegible] companies has been accompanied by a relaxation of price controls and capital movements, tougher competition policy and much reduc[illegible] credit subsidies for small and medium-sized enterprises. The balancing act was all very well during [illegible] of growth in the mid-1980s. But with faltering growth and European integration, the French government will have to make some choices.

Two commitments

It has to reconcile its defence of French industry with [illegible] commitment to a European single market. If the French government [illegible] concerned about the future [illegible] European electronics, Brussels is the proper place for policy to be forged. An open market in [illegible] computers, steel and chemicals will bring with it pressure for rationalisation, as the most efficient drive out the least efficient. If the French government [illegible] in the way of restructuring, with subsidies to chronic loss makers, it will make European competitors and the European economy weaker.

The second dilemma is financial. High ambitions to protect state-owned producers from the slowdown in European economies have to be reconciled with the limited means available. The French government [illegible] afford [illegible] pump huge sums into [illegible] strategic industries of the future, such as electronics, as well as into traditional industries such as cars. The relaxation on limits on private shareholdings is a tacit recognition that the state will not be able to provide all the capital that publicly-owned groups will need.

First principles

It would, however, be a tragedy if the French played rugby like the English. So too, it [illegible]ld be [illegible] and unreasonable to expect even the younger, [illegible] liberal generation of French policy mak[illegible] [illegible] become full-blooded Anglo-Saxon, privatising free marketeers. The appropriate and achievable task is to put publicly-owned [illegible] on a *more commercial footing*. The following principles apply.

First, the government should distinguish between sectors where state subsidy might be justified, *such as defence* electronics, and industries such as steel and cars, where it is not. This point implies that the privatisation agenda is not yet by *any means complete, especially* [illegible] steel and chemicals.

Next comes the question of economic nationalism; anti-Japanese sentiment is simply self-defeating. There is no sense in merging Bull with another loss-making European computer group, just for the sake of Europeanism. A deal with NEC of Japan, a company upon which Bull is already dependent for technology, would make a lot more sense than heftier subsidies.

Finally, more progress is needed in [illegible] ownership from management. That is already the case at companies such as Elf, [illegible] *state-owned oil* group, but it should [illegible] extended to the likes of France Telecom.

If subsidies are still to be awarded, their scale and purpose should be made transparent. The French government needs, in any case, to limit its ambitions, since it is pl[illegible] dirigisme in one country, [illegible] of the pra[illegible]ic [illegible] variety, with a weak hand. This old interventionist game is increasingly unacceptable *for a core member of an ever* more integrated European Community.

Hard talks on Hong Kong

THE outcome of the talks in Peking between Mr Douglas Hurd, the foreign secretary, and Chinese leaders is disturb[illegible], in [illegible] of official claims that differences between the two sides have narrowed. The continuing [illegible] over the financing of Hong Kong's huge port and airport project does not augur well either for the economic climate in the colony or for Anglo-Chinese relations in the run-up to 1997, when Britain will hand its sovereignty over Hong Kong to China.

The Joint Declaration of 1984, which provided for the [illegible] sovereignty, while guaranteeing Hong Kong the status of a Special Administrative Region and the maintenance of its capitalist system for 50 years, was widely considered to be exemplary at the time. It appeared to ensure the ending of a colonial regime, while allowing Hong Kong to maintain [illegible] remarkable position as an international financial and trading centre.

It has always been clear, however, *that the rosy view of* Hong Kong's future as part of a novel arrangement known as "one country and two systems" would depend on the good will *of the Chinese government*. Britain took a gamble that the reformist path on which Peking had embarked would continue and that the gap between the two systems would gradually narrow.

Tragic error

This hopeful [illegible] developments in China [illegible] since been proved tragically wrong, at least in the short term. The brutal suppression of the pro-democracy demonstrations in Tiananmen Square in the summer of 1989 brought the honeymoon between China and the west to an abrupt end.

Britain's desire to dampen its relations with Peking in the absence of signs that China was adopting more liberal human rights policies, coupled with China's fears that Hong Kong was becoming a hotbed of subversion, have stalled for nearly two years bilateral discussions on problems relating *to the handover of the colony*.

The disagreement over the airport project, which has become the biggest obstacle to a resumption of a constructive dialogue, [illegible] partly economic. Underlying all the arguments, however, is the basic political question [illegible] who rules Hong Kong in the period leading to [illegible] handover of the colony in six years' time.

The British and the Hong Kong governments see the huge £9bn scheme as a way of bolstering the economy and shoring up sagging confidence in the colony *during the transitional* years, and the period immediately after the handover. They [illegible] always insisted that London and Hong Kong must retain the right to take decisions during the transitional period.

Significant concession

The Chinese, however, maintain that the proposed high proportion [illegible] public funding for the project risks running down Hong Kong's reserves to a dangerously low level and wants the colony to set aside a substantial sum to ensure this does not happen. Above all, it wants its opinions to be taken into consideration [illegible] affecting Hong Kong's long-term future.

Mr Hurd's significant concession — to take account [illegible] China's [illegible] on important [illegible] straddling 1997 — was carefully worded to convey the message that such consultations did not give Peking a right of veto. Whether the Chinese authorities will see it this way is another matter.

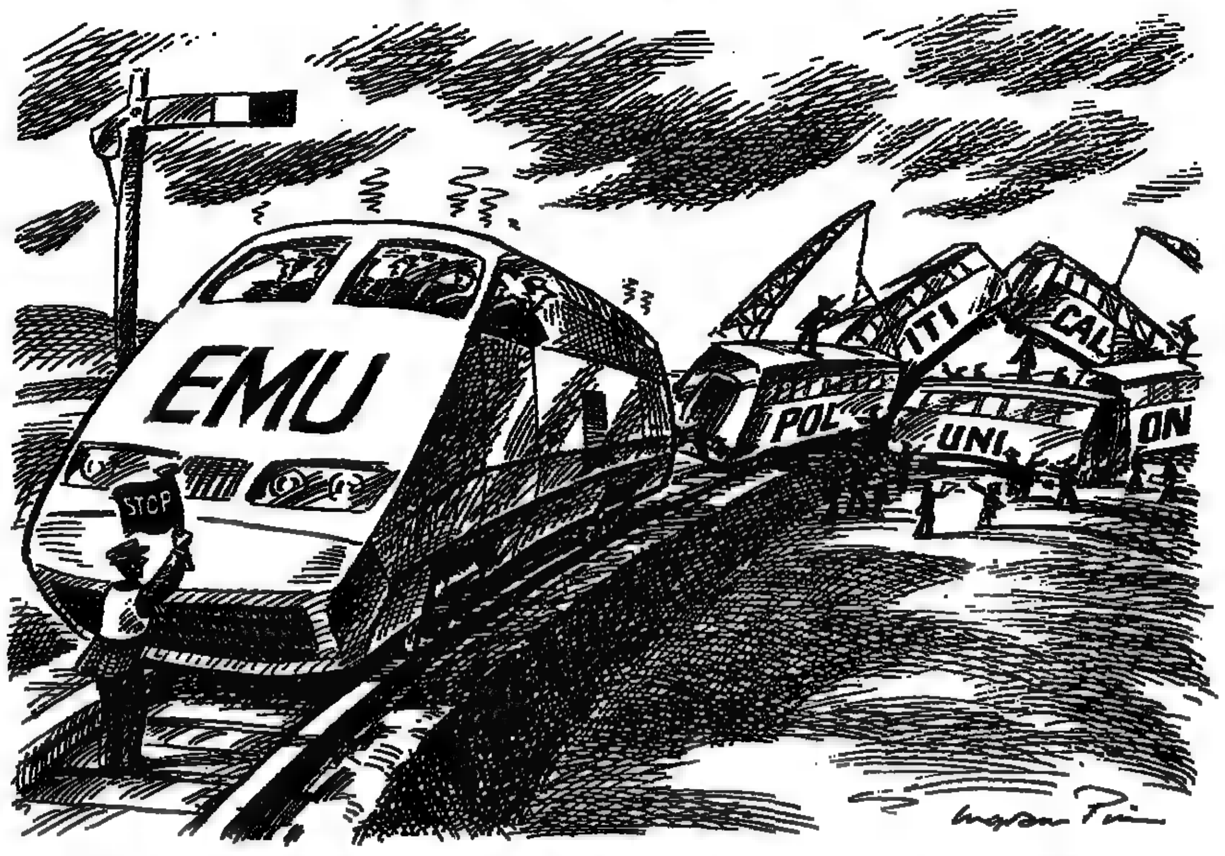
[illegible] fact is that arguments over the financing of the new airport have already [illegible] major tenders from potential participants and commitments by banks and other private financial institutions, even without the exercise of a formal veto by China.

Further postpon[illegible] the project for political reasons might permanently frighten off private capital, originally intended to finance up to 50 per cent of the project, and could even lead to its complete cancellation.

Before trying to push Britain and Hong Kong too far along the road of joint control with China over the colony's affairs *before 1997*, Peking would do well to consider carefully the adverse consequences for Hong Kong's future economic prosperity.

Bonn's demands over European political integration are hindering talks on economic and monetary union, writes David Buchan

Emu train stopped in its tracks



Tonight EC leaders hold a mini-summit in Luxembourg on the aftermath of the Gulf war. Since they all agree on letting the US take the lead in Middle East peace-making, the main item on their menu will be an overdue top-level discussion on the war's consequences for European Community political union.

For the remaking of the EC is getting out of hand. The 13 architects — the dozen member governments and the Brussels-based European Commission — are still so busy showering each other with blueprints on how they hope to achieve political union that they are making little further progress on their original design, an economic and monetary union (Emu).

There is another reason why the outcome of the inter-governmental conference (IGC) on Emu has to wait upon the upshot of the negotiations on political union: because Chancellor Helmut Kohl says so. The leader of Europe's premier monetary power has repeated, with ever-increasing force, that he will not replace the D-Mark with the Ecu in German pockets until and unless he gets a more democratic and solid European roof to put over the newly-enlarged German house. Exactly what Mr Kohl's political price is and whether his partners will pay ha[illegible] become the two key questions.

As a result, in the three months they have been sitting in their twin-theme constitutional convention, EC governments have come to certain majority und[illegible]dings — on the *independence of* a *European central* bank and its prime devotion to running a sound money; on the need for some matching economic discipline among the 12; on the desirability of a *bit more* [illegible] *for the European Parliament*; and on the incompleteness of a future European union without some role in defence. Glimmerings of compromises have also emerged — on a transition *to the final stage of Emu* that allows Britain to delay its own [illegible] but not that of its partners, and on an arm's length involvement in defence through the Western European Union.

But no deal on any single issue has been done. All the elements remain to be tied up in one final package, perhaps at the Luxembourg summit in late June, though more likely at the Maastricht summit in late autumn. There will be horse-trading [illegible] the board. Anyone primarily interested in the fate of Emu must now keep a weather-eye open to what is happening in the political union IGC. And a confusing, sometimes farcical picture it is.

In contrast to the tidy absoluteness of the majority Emu plan for a single currency and bank, the political union agenda started ragged, and has got messier. It still [illegible] serio[illegible]: striving towards common for[illegible] and security policies; extending Community activities; and making EC decision-making more efficient and democratic. [illegible] now a row over money — always the most paralysing *for the Community — threatens to* [illegible] out. Spain, self-appointed leader of the poor, has tabled a proposal that would only allow the Council of Ministers to take decisions by majority *(as distinct from unanimity)* if they either were funded 100 per cent by the Community or had negligible financial consequences.

In addition, many governm[illegible] have trotted their favourite hobby horses, such as improving tourism (Greece/Italy), animal welfare (Germany), and road safety (Luxembourg). These have [illegible] hilarity in the weekly [illegible] meetings of the special IGC negotiators. But ironic suggestions that the new EC constitution outlaw bull-fighting in Spain and force the British to drive on the right have not yet laughed these proposals right out of court.

Adding powerfully to the confusion has been the change in the Commission's behaviour with the onset of the IGCs. In the normal run of business, the EC executive has the sole right of initiative and generally uses it responsibly. When it comes to treaty-writing, it has no such monopoly power of proposal but a very strong temptation to maximise its own power vis-a-vis national governments.

[illegible] fact, for virtually all EC states bar Britain there was nothing "way out" about the Commission's draft treaty on Emu. But in the political union discussions, the Commission has, in the eyes of all EC governments, *far overstepped* [illegible] mark [illegible] the following areas:

- Foreign policy. [illegible] demanding a say in security and defence, the [illegible] claims that henceforth it [illegible] *sole responsibility for* [illegible] economic negotiations — covering not just trade, where it has this already, but new areas such as export credit; that it would seek *Council approval before and after*, but not during, negotiations; and that it should actually displace member states from international organisations. All this went too far. Up went cries of "coup d'état" from IGC negotiators of the 12, and out went the proposal.
- Internal legislation. Using the seductive argument that legislators [illegible] Council of Ministers and the European Parliament) should take the grand overview and [illegible] boring details to managers (the Commission), the Commission has proposed a new split system. The 400 regulations and directives the Council passes each [illegible] would, instead, be treated as 50 [illegible] laws ("thou shalt be nice to birds") decided by the Council in a [illegible] form [illegible] co-decision with an upgraded Parliament and 350 implementing rules ("thou shalt be nice to these birds in particular") passed by the Commission. Giving this amount of power to unelected bureaucrats smacked, said one IGC negotiator, of a "fascist state".

These setbacks for the Commission have several consequences. One has been [illegible] increase the natural moodiness of Mr Jacques Delors, [illegible] mission president, who has been taking his frustrations out on some of his [illegible] *fellow Commissioners*, and [illegible] of his 24 directors-general.

In contrast to the tidy absoluteness of the majority Emu plan for a single currency and bank, the political union agenda started ragged, and has [illegible] messier

In the IGCs [illegible] Commission credibility on the issue of subsidiarity, the buzzword for doing only the minimum necessary [illegible] the EC [illegible], has [illegible] dented. Commission proposals to rewrite treaty language on environmental and social issues talk of subsidiarity, but its treaty plan on high-tech R&D claims the need for greater centralisation in Brussels in the cause of efficiency. More generally, unanimous rejection of Commission plans does not advance the IGCs; it shows what the 12 do not want, but not what they do want.

However, in contrast to the political union debate which seems to be widening by the day, the Emu negotiations have narrowed down to a few key issues, all of which appear soluble. The two main issues for the final stage of Emu are:

- Economic discipline. It is not hard to see a compromise here, because no leading country is out on one extreme or another. True, Germany [illegible] put arithmetical precision on what constitutes an "excessive" budget, while all others believe that judgment of economic indiscipline must be more political. But Germany is less explicitly tough than France on financial sanctions on countries running *big budget* deficits. The UK opposes such centrally-imposed penalties, but for sovereignty rather than practical reasons. Southern [illegible] countries will swallow [illegible] discipline [illegible] *provided they get the* safety-net fund proposed by the Commission. The north opposes this fund, but may find it a cheap way of buying Spain out of its money demands in the political union IGC.
- [illegible] control. This issue has posed itself most acutely on the question of who — finance ministers or the European central bank — decides exchange rate policy. At either end of the policy spectrum, the answer is obvious. Ministers would decide if, say, the Ecu were to be fixed, *à la* Bretton Woods, against the dollar and yen. Equally, the Euro-bank would clearly decide what hour of what day to intervene on the foreign exchange markets. In between lies a [illegible] grey area, which France would like to leave solely to ministers but in which Germany wants the Euro-bank to have a say.

Behind this is the fear of Germany's partners that [illegible] Euro-bank, committed to price stability, might put maintaining a strong Ecu above export competitiveness. But the Luxembourg presidency of the EC has already indicated [illegible] thinks [illegible] modified German formula can win general assent.

All the really important questions on transition to Emu remain to be tackled, which Luxembourg plans to do in bilateral talks in the next six weeks. They include:

- Should the Euro-bank be set up at the start (1994) or end (1997) of [illegible] transitional stage two? This tug-of-war pits France and the German foreign ministry, which both want a "bank" in 1994, against the *Netherlands* and the German finance ministry, which only want the existing [illegible] central bank governors committee to be upgraded to a "council" at that date. But since most agree on *the functions* of the new institution during the transition, agreement on the name cannot be too hard.
- How can Britain find a way [illegible] signing a treaty that allows it to delay a decision [illegible] its own participation in Emu without blocking that of others? The answer may be relatively easy, because of a quite separate German concern to have a strict check (by means of unanimity, giving Bonn a veto) on which countries might join it in being the first to jump into Emu. Any such provision providing for the final Emu decision to be made by unanimity would help Prime Minister John Major defend an Emu treaty in the House of Commons.

Mr Kohl's persistent harping on the link between monetary and political union leads people like his Bundesbank president, Mr Karl Otto Pöhl, to fear that the very fact that Germany [illegible] demanding a price in political union means it is about to surrender on Emu. That is going too far, but there is clearly a German price which, if paid by its partners, will bring both IGCs to a rapid conclusion.

What, then, is the coinage in which the Germans might be paid? The most specific item on the German wish list is more powers for the European Parliament, which few other governments want. It is easy to see why Bonn has no objection to more power going to Strasbourg; its fragmented, federal system can accommodate another legislative layer.

Harder, though, to see a positive interest — unless eventually Germany would like reflected at Strasbourg the fact it is now more than 50 per cent more populous than the UK, France and Italy. All four countries have 81 MEPs each, but Germany also has 18 non-voting observers representing [illegible] Länder. Germany would like [illegible] MEPs, but dare not (yet) ask for them. This, plus the related issue of giving Germany the [illegible] number of [illegible] in the Council of Ministers, gives most other governments the shivers.

Germany also has an obvious self-interest in a common EC foreign and security policy in which it would have a large influence particularly as regards the east. But, just as Germany is pulling a reluctant France *towards agreeing to more powers for* the parliam[illegible] Germany [illegible] EC defence policy a bit faster than Bonn would really like to go.

For all the Franco-German declarations, Bonn's views on defence are closer to those of Britain in wanting, above all, to preserve Nato and keep [illegible] Americans in. At the same time, France and Britain keep telling each other that the Gulf war proved what they always knew: that they are the Community's only two serious military powers. What has opened, therefore, is a fluid triangular debate over future [illegible] security. Its outcome, which should become a little clearer in Luxembourg tonight will affect many things, including European monetary union.

OBSERVER

Papered over

Why is it that when big-company chairmen write their annual statements, most of them seem incapable of owning up to mistakes?

Take Midland Bank and American Express. Both financial institutions had a terrible year, and are suffering from past bloomers. But you couldn't detect as much by reading their latest annual reports.

Sir Kit McMahon, Midland's outgoing chairman, writes that 1990 was obviously "a very difficult year". You can say that again. Come on Sir Kit, couldn't we have had an honest discussion of the strategic errors which led the company to halve its dividend? The shareholders deserve better.

James D. Robinson III, who has clung onto the chairmanship of American Express for *a sur[illegible]ly long time, a[illegible]* least [illegible] Amex[illegible] results were unacceptable. Given that he and his staff own 10 per cent of the company, it's nice to know that not only the unlucky small shareholders are feeling [illegible] pain.

But is anyone accepting responsibility for American Express's strategic blunders over the years? Certainly not. If it hadn't entered the insurance, commercial banking and stock broking industries, American [illegible] shareholders would be richer today.

Fortunately, not every company is so proud. The annual report of Echo Bay Mines, one of North America's top four gold-producers, exemplifies corporate candour. The chairman's statement even has a section headed: "successes and failures". It does not hide the fact that the company has been more accident-prone than some of its peers.

Four years ago, for example, it believed it could leverage its own growth by investing in the operating skills of up-and-coming gold companies with growth properties. This is just one of several serious mistakes which Echo Bay's chairman, Bob Calman, acknowledges in his statement.

Interestingly, it was a UK clearing bank director who dre[illegible]rver's attention to the Echo Bay example. So perhaps some of next year's bank chairmen's statements may not be quite as self-serving.

Clouded

Kipling's famous line about triumph and [illegible] must have been very much in the mind of Trafalgar House chief executive Sir Eric Parker as Seagram, the horse he jointly owns with trainer David Barons, came through at the *last to win Saturday's Seagram* Grand National.

To the punters, the surprise *win was the more piquant* because the four-legged Seagram had been twice vainly offered to the race-sponsoring Seagram company's chairman, Ivan Straker, before the racing-besotted Trafalgar House chief bought his half-share in it.

But to Parker, the triumph was clouded by memory of a disaster. On March 12, in the Trafalgar House sponsored opening race of the Cheltenham Festival, his much prized horse Gaasid took a fall and had to be destroyed.

Maxwell house

Have you noticed that the shares of former London stock market outcast, Maxwell Communication Corporation, have outperformed the market by 11 per cent over the last fortnight?

The conventional explanation is that the £440m sale of Pergamon Press to Elsevier the Dutch publisher has taken pressure off the balance sheet. But it just might have a little to do with the departure of Robert Maxwell as chairman.

Former Welsh Secretary Peter Walker is taking over *the helm, and although* 32-year-old chief executive Kevin Maxwell will be keeping up the family tradition, there is a chance that the group may finally begin to be run as a public company rather than private fiefdom.

Indeed, if the new chiefs really want to throw their weight around, they might try and distance the company further from its mercurial founder by changing the name to something anonymous like MCC. You never know, it could be worth another £1 on the share price.

Nevertheless, a word of warning. Robert Maxwell still owns more than half the company, and he's never been shy in the past about picking up the phone...

Will power

Is this a record?

Four Shakespeare plays are *opening in London this week*: *Coriolanus* from the English Shakespeare Company at the Aldwych on Tuesday, *Much Ado About Nothing* from the Royal Shakespeare at the Barbican on Wednesday, and *The Winter's Tale* (again from the English Shakespeare) at the Aldwych on Thursday. A production of *Antony and Cleopatra* opens at the Shaw Theatre on Wednesday.

The next day another *Antony and Cleopatra* (with Sylvia Sims) opens in Birmingham. There is already a [illegible] of *The [illegible] Tale* playing at the Duke's Head Theatre in Richmond, Surrey.

Shrinkage

The shrinks are at it again. One question e[illegible]ned in this month's British Psychological Society journal, which focuses on sports activities, is the stresses of competition [illegible] apparently cause Boris Becker, for example, to adopt a "beast" mentality in order to win tennis tournaments then suffer from prolonged depression afterwards.

In particular, two American shrinks report how they tested the theory that it is increasing stresses at each higher level of sporting proficiency which *lead large numbers of young*sters to give up games as they enter their teens.

The pair psychologically tested the young members of two successful champion soccer teams — one of schoolboys aged 13 and 14, the other of university students in the 18-21 bracket.

It transpired that the students were indeed more consciously anxious about winning than the schoolboys. But for technical reasons, the results failed to confirm the theory that increasing stresses account for the high drop-out in the early teens.

Clearly a case for more research into the matter, the psychologists say.

Perhaps so — but before they crank up the testing apparatus again, might they *not usefully reflect that the* early teens are a time when playing organised games starts to seem less interesting than members of the opposite sex?

Robert Rice on the means being considered to end the 'litigation poverty trap'

Bailing out the legal aid system

More than 40 per cent of people in Britain are caught in the "litigation poverty trap". They are neither poor enough to qualify for legal aid nor rich enough to afford to sue.

Legal aid – public money to pay lawyers for those who could not otherwise afford them – is in crisis. Designed for 70 per cent of the population, it now only covers 55 per cent. Yet the cost of legal aid has doubled in five years.

The government is in a bind. It is committed to improving access to justice, but the Treasury wants Lord Mackay, the lord chancellor, to curb legal aid spending. The hunt is on for alternative ways of funding legal services. Could the private sector provide an answer through legal expenses insurance?

Though Lord Mackay has been conducting a review of legal aid eligibility with some results published this month, the issue is bedevilled by lack of proper information. Even the most basic facts are matters of controversy.

● Gross legal aid expenditure: Lord Mackay claims it has doubled over the last five years to £715m. The legal profession says the £600m net figure (the gross less administration costs) reflects more accurately the true cost to the Treasury.

● Legal [illegible] payments: the Law Society – the professional organisation of solicitors in England and [illegible] – maintains that solicitors are giving up legal aid work in droves (a view challenged by Lord Mackay) because the fees simply do not make it economical for them to carry on.

The statistics appear to support the lord chancellor. In 1979 about 9,000 solicitors' offices in England and Wales received some form of legal aid payment. In 1989, that total rose to 11,500. Solicitors doing legal aid work also appear to be doing more of it. In 1984-85, 195 offices received more than £120,000 each in legal aid payments. In 1989-90, 841 offices came into this category.

One indisputable fact is that the legal aid budget overran this year by more than £90m. Lord Mackay has taken to repeating the now well-worn statement that "legal aid, funded by the taxpayer, is not, and cannot be, an unconditional blank cheque".

According to Mr Roger Smith, director of the Legal Action Group, a legal services charity, much of the problem stems from the fact that the cost of legal aid is increasingly dominated by the cost of criminal cases. In 1989-90, the total criminal legal aid bill was £324m, £151m of which went on cases in magistrates' courts.

The Lord Chancellor, Lord Mackay: favours a 'safety net' scheme

There is virtually no scope for cutting the cost of criminal legal aid since it tends to be directly affected by levels of crime and government policy on law and order. If the rate of growth in legal aid expenditure is to be slowed or reversed, savings will have to come from the civil legal aid bill. But civil legal aid has already been squeezed hard.

Lord Mackay has been looking at a number of alternatives. He is now known to favour the introduction of a safety net scheme under which litigants would pay their own costs up to an agreed threshold of between £2,000 and £3,000 before being assessed for legal aid.

The scheme has been heavily criticised by the legal profession as a disincentive to litigation. Uncertainty about whether legal aid would be granted combined with the fear of having to pay their opponent's cost if they lost would discourage people from pursuing their rights.

Lord Mackay is also looking at legal expenses insurance. The Law Society, together with the Consumers' Association, recently produced a report on the UK legal expenses insurance market which cautiously suggests that insurance might be the answer to the litigation poverty trap, even though the public has shown little enthusiasm for it so far.

[illegible] first [illegible] expenses policy was wr[illegible] in the UK in 1974. But the growth of the UK market has been slow.

Although the study found that 27 per cent of the British public now has some form of legal e[illegible]nses cover, it also found [illegible] few people see a need for it other [illegible] addition to motor or household insurance to cover uninsured loss.

Legal expenses insurance has proved far more successful on the Continent. In western Germany, for example, almost 50 per cent of households have some form of legal insurance. A market of 24m risks last year worth DM3.1bn (£1bn) was shared by 32 insurance companies dominated by the specialist legal expenses insurers, DAS and Arag.

One big difference between the British and German markets, according to Mr Rudiger Bauer of DAS, is that in Germany all the business written is stand-alone cover. In the UK most legal expenses cover is sold as an addition to another existing policy, say for motor insurance. The return for German insurers has been greater, encouraging them to push this type of insurance more vigorously.

But the main reason for the success of this form of insurance is the absence of a comprehensive German legal aid system. In Germany, Mr Bauer says, to qualify for legal aid, an individual must earn no more than about DM1,800 a month. The average monthly wage is about DM3,000. If you qualify for legal aid you still have to establish that you have a case which has a chance of succeeding and if you lose you have to pay court costs.

In Sweden, there is a compulsory legal insurance scheme covering 80 per cent of the population designed as an adjunct to a comprehensive legal aid system.

Legal aid can be supplemented by legal insurance which is routinely included in general policies. In the UK, legal aid and legal insurance cannot be combined in this way. Normally the existence of insurance disqualifies the insured from entitlement to legal aid.

But there have been bigger problems with the UK market, notably that of "adverse selection", the fact that those most likely to buy legal insurance are also most likely to claim. For a new insurance market this can be fatal. Either premiums have to rise rapidly or the insurer goes out of business.

All but one of the main UK legal expenses insurers have withdrawn from selling policies to individuals. Only the Legal Protection Group continues to sell individual policies. Mr James Innes, LPG's marketing manager, believes other companies were simply not charging enough. LPG charges £150 [illegible] comprehensive [illegible].

Group membership schemes designed for [illegible] unions, [illegible] nesses, or, as fringe benefits for employees, are increasingly popular and many [illegible] main insurers believe the future of legal risks cover lies in this area.

The insurers, understandably, feel [illegible] legal expenses cover could play a significant part [illegible] ending the litigation poverty trap and there are now signs that the the problem of public [illegible] is being overcome.

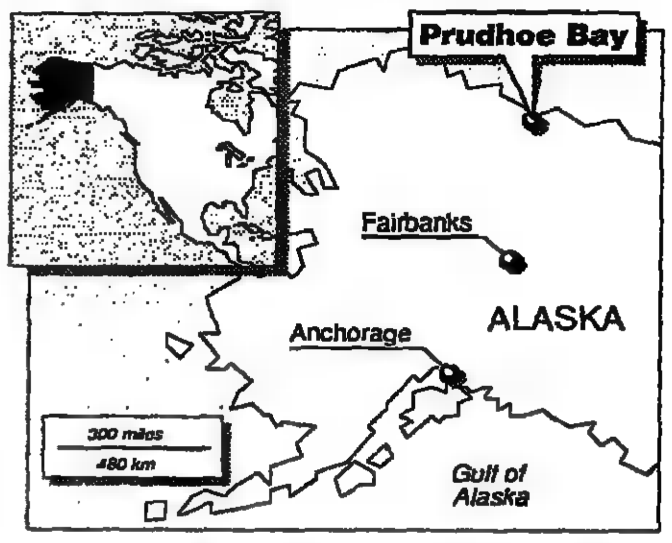
[illegible] UK [illegible] will [illegible] within [illegible] years. The reason is that most of the specialist insurers have been taken over by the bigger composite insurers: LPG by Sun Alliance; CareAssist by Royal Insurance; Allianz in the UK is now part of Cornhill. The bigger insurers can afford to promote legal expenses insurance in a way the specialists could not.

Others in the sector are not so convinced. Mr Smith of LAG says insurance may have a role to play for those who can afford it but that it can never be a substitute for a properly funded legal aid scheme. Lord Mackay's mention of insurance in the same breath as his legal aid eligibility review is making many legal aid lawyers nervous.

Samuel Brittan

People's capitalism – an international update

In 1978, [illegible] Sea [illegible] was beginning to come on stream. Barry Riley and I wrote a paper to suggest that UK government revenues from oil taxes and royalties should be separated from other official revenues and distributed on a *pro rata* basis to all adult citizens. Rights to a share in the income stream would eventually be transferable, and thus become like any other Stock Exchange security. The paper has been reprinted in Privatisation and Ownership (edited by Christopher Johnson, Pinter Publishers, 1987).



Our proposal would have made a small start towards a society in which all citizens had a claim on some capital wealth, other than housing and pension rights. They would have received their share of North Sea oil income as of right – and there would have been a check on backdoor attempts to use North Sea revenues either for public spending or for conventional tax reductions.

Precisely for these reasons the proposal was cold-shouldered. But this did not stop me returning to the charge by suggesting a "free" distribution of privatisation issues. This time Dr David Owen did take up the idea; but his Social Democrat followers rejected it as too way out.

Poland and Czechoslovakia [illegible] privatisation without a functioning capital market

The idea fell on more fertile soil in Poland and Czechoslovakia, which face the problem of privatisation without either a functioning capital market or a class of private investors. The Polish authorities are making direct distributions and the Czech government is issuing cheap vouchers to be used for purchasing privatisation shares.

[illegible] is sometimes objected that millions [illegible] tiny [illegible] cannot exercise effective ownership rights, and that there, therefore, will be no check on the [illegible] of enterprise managers – many of them for[illegible] communist apparatchiks. Proponents [illegible] distribution are sure, however, that most individual investors will quite rationally sell off [illegible] trusts, in whom effective ownership will be concentrated and [illegible] original recipients will re[illegible] the proceeds in more [illegible].

But we do not need to wait [illegible] central European experience. To see a western prototype in action, we need only look at Alaska where in 1976 Governor J. Hammond [illegible] all citizens [illegible] the corporation "Alaska Inc".

At least 25 per cent of the state's income from the oil produced on the state-owned land around Prudhoe Bay has to be diverted to the Alaska Permanent Fund for "income-producing investments". The APF is expected to assist in the diversification of Alaska's economy to prevent oil revenues being dissipated [illegible] the present generation. The state had previously squandered the windfall proceeds of an [illegible]lier auction of oil-rich land.

The first call on the income from the APF is a reserve for its inflation-proofing. The next call consists of dividend payments equal to 10.5 per cent of the APF's net income on a five-year average. Remaining revenues are ploughed back. [illegible] 1990 the APF had accumulated assets of \$9.2bn. In 1990 some [illegible] eligible Alaskan residents were entitled [illegible] ment of \$953 [illegible] head.

If North [illegible] had been treated on Alaskan lines, then the British government would [illegible] siphoned off a [illegible] of [illegible] not directly [illegible] citizens, but to a special fund from which [illegible] citizen could draw [illegible] income. This

Governor Hammond declared that all citizens should be stockholders in "Alaska Inc"

has reduced the size of Alaskan payments [illegible] about 3 per [illegible] of [illegible] incomes, but [illegible] had [illegible] merit of playing [illegible] dividend [illegible] contra-cyclical [illegible] moving [illegible] formula [illegible] people from [illegible] boom and bust cycle [illegible] oil prices.

The [illegible] is well described in [illegible] in the January 1991 issue [illegible] Research group bulletin [illegible] Pepys [illegible] London SE14 5SG). [illegible] elsewhere [illegible] indulge in [illegible] talk about [illegible] economy would do well to [illegible] it if they mean business.

LETTERS

Planners not just guardians of history

From Ms Wendy Shillam.

Sir, I [illegible] Louis Blom-Cooper ("Negative [illegible] developers", April 2) for deploring "word chopping" in the interpretation of planning legislation. Yet I feel that his presumption that development must always oppose conservation misses much that is wrong with planning legislation. It is not the semantics that need to be changed but the tenor of the legislation itself.

At the moment local authorities are fighting a rearguard action to prevent the disintegration of our historic cities, using only the unrefined tool of the planning process. Many authorities seem to see their role as guardians of a fast disintegrating history. As such, if the legislation would allow it, they would restrict all developments in certain areas.

Just as the English language is composed of words of diverse origins, so our towns are constructed in a rich mix of historic styles. Language is always changing and developing. Today's developers should be encouraged to contribute to this diversity, not merely to build pale imitations of the past. To preserve just the fabric of the town will lead to decay. Towns would turn into empty museum pieces just as frozen languages fall into disuse and die.

Truly to conserve our historic towns we must learn to stimulate the activity of town life. The town is not merely its buildings. [illegible] people, their commerce and culture. The changing fabric of towns must be allowed to accommodate this dynamic. Development and conservation should work in tandem towards this end.

The tragedy of the planning [illegible] in legislation, is that there [illegible] little [illegible] for a planning authority [illegible] be pro-activ[illegible] Leg[illegible] should encourage developers [illegible] produce [illegible] problems which are couched in the architectural language of the 20th century.

Wendy Shillam,
Shillam and Smith,
Architects,
122 Great Titchfield Street,
London, [illegible]

Burmese democracy on the edge of the precipice

From Ms Zunetta Liddell.

Sir, As the world reacts with horror to the plight of the Kurds, in Burma an equally tyrannical regime is attacking the last stronghold of a democratic movement and the world is content to ignore it. The battle for Mannerplaw – the headquarters of the Karen and the National Coalition government, made up of MPs elected in a general election last year in which the main opposition party won 82 per cent of the votes – could be the death tremors of democracy in Burma. The legitimacy of these MPs as the representative voice of the Burmese was recognised by the British Foreign Office when it met a delegation on March 19 1991.

There is little [illegible] help for the thousands of refugees flooding over the border into Thailand. The helicopters and aircraft that the Burmese army is now using come not only from China, but also from Yugoslavia and Poland. Like the Kurds, the Karen have only outdated hand and machine guns. In their favour is their superior knowledge of the rugged terrain, but against air attacks this is of little help.

There [illegible] been strong, unanimous condemnations of the illegitimate regime in Burma from [illegible] United Nations, but words are no longer enough. A "new world order" should guarantee the rights of minority groups such as the Kurds and the Karen. It should also press for human rights [illegible] upheld [illegible] majority [illegible] At [illegible] very least, [illegible] be taken against arming the dictators who seek to obliterate the freely-elected representatives of the people and humanitarian aid should be offered to its victims.

Zunetta Liddell,
secretary,
Burma Action Group UK,
1A Bonny Street, NW1

Gas and power

From Mr W.R. Probert.

Sir, You are right to say that a protectionist stance towards gas imports from Norway is no longer justified ("Competition in the gas industry", April 4). This view is strengthened by the potential for new under-sea pipelines which would provide for gas exports from Britain, creating a freer trading environment. But you are wrong to suggest that there is too little competition in the supply of fuel to gas-fired power-generating stations.

Potential power generators are not solely dependent on British Gas for supplies. Independent suppliers have made good progress in offering gas to this market and British Gas will have only a moderate share. A competitive market therefore already exists.

British Gas raised prices last month to keep short-term sales within the limited supplies we expect to have available. It would have been irresponsible to ignore our obligations to domestic and contract customers by taking on a larger share of this market.

W.R. Probert,
managing director,
gas supply and strategy,
British Gas,
Rivermill House,
152 Grosvenor Road SW1

Fax service

LETTERS may be faxed on 071-873 5938. They should be clearly typed and not handwritten. Please set the fax machine for fine resolution.

Environmental audits must not become a mere public relations tool

From Mr John Vanderveken.

Sir, It is to be welcomed that industry is taking the environment more seriously ("Business and the environment", March 27) but the environmental audit is still not nearly as widely accepted as it should be – nor are its parameters by any means universally agreed. Until this situation is changed [illegible] full [illegible] will not be realised.

It was interesting to note the reasons given by sections of industry as to why they feel environmental audits to be necessary. Cost was understandably to the fore – the costs in question being those involved in the creation and disposal of unnecessary waste and those likely to be imposed as a result of the tightening up of legislation. So far so good.

However, by its very nature, the environmental [illegible] cannot be limited by the norms [illegible] standards [illegible] financial accounting, the current understanding of "cost" and simple notions of profit and loss. An internationally-agreed standard for environmental auditing is needed if we are to be able to compare environmental performance within and between industries and countries. It is difficult to believe that such diversity of accounting [illegible] currently exists in the environmental auditing field would be acceptable in the financial [illegible].

Environmental audits need to be checked and approved by independent bodies working to widely-accepted criteria – another reason why some form of international standard is desirable. It makes no sense to develop sophisticated environmental audit techniques if industry can selectively choose whether or not to apply them to their operations. Environmental audits should be part of the normal industry accounting process, not an optional extra. This will inevitably involve national legislation and perhaps an international convention.

Environmental audits need to be accessible to workers in the company and to the general public in the same way as the company's normal financial accounts. Until this happens, a company's environmental performance may have more to do with public relations than with public accountability.

For these reasons the International Confederation of Free Trade Unions supports the efforts at the international level to come to some agreement on the nature of the environmental audit. The environmental audit can be an important tool for the general environmental good. It is also one way of helping to ensure the sustainability of industrial activity and the security of jobs on which millions of workers depend. But it must be more than a public relations exercise.

John Vanderveken,
general secretary, ICFTU,
Rue Montagne,
aux Herbes Potageres, 37-41,
1000 Brussels

FINANCIAL TIMES
Monday April 8 1991

Paris loosens grip on French public sector

By William Dawkins in Paris

THE French government's decision partially to relax its grip on the public sector by agreeing on Friday to allow some raising of private capital is a clear sign that the state can no longer afford to fund all its companies' needs.

In the past three years French taxpayers have had to pump FFr18.9bn ($3.36bn) of fresh capital into state-owned industries, not counting the FFr6bn announced last week for Bull, the ailing computer maker and Thomson, the defence and electronics group.

State-controlled companies have often complained of indaquate freedom to seek private equity, even though President François Mitterrand has always applied flexibly his election pledge that there would be neither privatisations nor nationalisations, known as the "ni...ni" policy.

"It was a bankrupt doctrine," says Mr Edward Hadas, equity analyst at the Paris office of Morgan Stanley.

Apart from easing the capital hungry public sector's access to cash, the move could also improve French state companies' image in Brussels, where their heavy subsidies attract the European Commission's suspicion.

Mr Jacques Delors, the Commission's president, was one of the first to welcome the reform, saying that he had "always been of this opinion."

Of course, the real impact depends on how the state chooses to apply the reform.

Mitterrand, left, sticking to an election pledge, and Jacques Delors welcoming reform.

The decree says that private companies - in theory of any nationality - may take stakes in state ones, only as part of a clear industrial, commercial or financial co-operation accord.

Moreover, this can only happen if the state company raises new capital, to which all its investors must contribute. So it does not open the way for further stock market flotations, nor does it allow straight takeovers.

Financial conditions will be vetted by a government committee, while the state itself as majority shareholder will clearly keep the final say, and as such will continue to apply the "ni...ni" policy.

Government officials say they will move cautiously, and do not plan to let more than 5 to 10 per cent into the hands of private partners in the first few deals likely to benefit; an alliance between the Crédit Lyonnais bank and Commerzbank of Germany and a possible link up between Bull and NEC, the Japanese electronics group.

Even so, some analysts believe that the reform could open the door for gradual privatisation. "It could create the precedents to allow privatisations to happen," says Mr David Harrington, analyst at the Paris office of James Capel.

The "ni...ni" policy had already started to bend with Pechiney's decision to float a subsidiary on the stock market in 1989 which followed last year's agreement to allow Renault - the state-controlled car maker seen as the shrine of French industry policy - to issue up to a quarter of its capital to Volvo, the Swedish car maker.

Bull's latest problems simply made the government realise that the need to apply the same flexibility all round.

What made this possible was the expiry of an old decree from the previous Gaullist government, authorising privatisations, and of course never applied by the current Socialist administraion. The government simply adapted part of the old decree, allowing for minority investments, and reissued it.

Clearly, government-controlled companies will need time to decide whether or under what conditions they want a partner. The three state insurance companies, UAP, AGF and GAN, are at or near the 25 per cent of equity they are allowed to issue to private investors, under the special rules applying to them.

Snecma, the jet engine maker, is said to need cash to fund joint engine development with General Electric of the US, while BNP, the largest state bank, might also welcome extra room for manoeuvre in its negotiations on a link-up with Germany's Dresdner Bank. Strategic planners in French state industry will be busy in the next few weeks.

And now for something completely different

So far as the short-term outlook is concerned, the market's glass remains more than half full, and mine, at least half empty.

Wall Street retains some sense of reality: it fell on Friday when it learned that the job situation was worse than it had feared – "dismal" was economist Allen Sinai's term for it. But London read this as good news, as it had read the downward revision of UK retail sales. Both fed the current obsession with rate cuts.

A liquidity-driven equity boom is all very well for those who believe they have the secret of perfect timing, or for fund managers whose boards will forgive any idiocy if only it is fashionable. Those who still believe in fundamentals should hang on to the unchanging facts:

● 1. Even if UK interest rates do fall into single figures, they would still be rising in real terms.

● 2. The world economy is still slowing nastily; even in the US the recession is at best slowing down. Hence, in part, Britain's dismal export prospects.

● 3. Exports are also weak because UK costs are becoming uncompetitive. The government hopes that competition will slow inflation, and so it will, but the strategy works by squeezing profits.

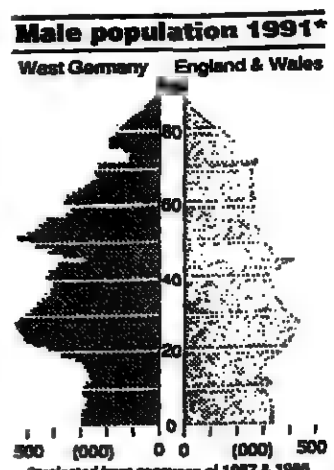
The recession will pass, but nobody yet knows when, and even then it will be a hard slog for [illegible]. That is about all that can honestly be said about the immediate outlook: it is not very helpful, and even less inspiring. It is time, then, to turn to something completely different.

We may know little about the immediate future, but we know a good deal more than you might imagine about the next 20 years or so in one respect: nearly all those who will be playing a significant economic role are already alive, and we can count them. This is a great deal more instructive – and even amusing – than you might imagine.

The diagram that takes the place of my gloomy face this week gives an example. Actuaries can stop reading at this point; this will mostly be old stuff to them – but not, it is pretty safe to guess, to investment analysts, who ought to have their offices papered with these suggestive trees. They are full of information about the past, and the future.

A glance should tell you one thing: the native west German population is already shrinking – hence, in part, the enthusiasm for reunification. Meanwhile, the population of England and Wales is still growing but may stop early in the next century.

Male population 1991*



*projected from censuses of 1987 & 1986
Source: Federal Statistics Office/ Office of Population Censuses & Surveys

A stable population would generate a diagram that would look like a slightly wide-based and very short-necked Burgundy bottle. The English chart, give or take some bulges and dips, is recognisably like that, but the German side looks more like a tree. The German trunk – the children – is proportionately much thinner than the English. Yet the generation that fathered these children (in the 20 to 50-year-old range) is proportionately much bigger. The arrival of this swollen generation in the labour force helps to explain German economic dynamism.

Why they should have been so undynamic as parents is something only philosophers and sociologists can suggest, but as a fact it has its own economic importance. The fact that families have been small explains why the German housing market has been so unexciting. More importantly, perhaps, the German labour force – even including those from the east – will be shrinking rapidly in the next decade.

The result, according to a recent study by Kleinwort Benson, will be to reduce the potential growth rate by nearly a full percentage point in the 1990s, compared with the growth in the 1980s. Things look even more undynamic in the first decade of the 21st century because by then the earlier bulge – the 48 to 57-year-olds – will have reached retirement age.

(It is ironic to reflect on why this bulge is not matched on the British side of the chart: the pre-war Nazi years were a time of buoyant optimism in Germany, but one of sullen depression in the UK.)

This was the generation that manned the post-war German miracle, and whose middle-aged thrift, on some theories, financed the more recent current account surplus. Their retirement will be a loss not only of numbers, but of experience; so German productivity growth may tend to weaken at the same time. Meanwhile, the retired generation will be both large and rich.

This suggests that output will lag demand, and the current account may turn chronically weak. (The fear of a similar and still more marked shift in Japan has inspired official strategy there for 20 years).

Even the much less dramatic UK side of the chart is rich in suggestion. The British, like the Americans (but unlike most other European countries), had a baby boom just after the Second World War, and this was echoed in a later, less marked bulge just over 25 years ago. Most of these men will remain economically active for the next 20 years, and the youth generation is about the same size as the 45 to 65-year-old block which will be retiring. The labour force will be stable, but gaining in experience – a good base for improved productive performance.

Demand, on the other hand, may be relatively weak. That is because of the steep inward curve from 27 years old down to the early teens. This trend suggests rapidly falling demographic housing demand, followed by a rather undramatic recovery.

A similar profile for the US has led economists there to predict that housing demand will not recover to recent levels for 20 years or so; the recession has simply made an inevitable adjustment very sudden.

This is turn suggests more subdued demand for consumer credit, since house values play such a big role as collateral in the credit-happy English-speaking economies, and consequently, a higher savings rate.

Is the present rise in personal savings in the UK purely a symptom of the recession, as much comment suggests, or another bumpy long-term adjustment, like the US housing downturn?

This is only a sketch of what could be read from just two demographic profiles (and of men only, at that). A full account could fill the page with charts, and much of the paper with comment. However, even this, I hope, is enough to get you interested.

Anthony Harris

BP, Statoil discuss gas joint venture

By David Thomas and Deborah Hargreaves

BRITISH Petroleum is close to agreeing a joint venture with Statoil, Norway's state-owned energy company, which will launch a major assault on the UK industrial gas market.

Completion of the deal is likely to be followed by pressure from BP on the UK Government to allow further large imports of Norwegian gas into the country from the mid-1990s. The joint venture is also likely to pose a serious challenge to British Gas, which has retained an almost complete grip of Britain's industrial gas market.

The deal, expected to be completed in the next few months, will be the latest in a series of partnerships agreed by BP and Statoil since last year.

They have already linked up on oil exploration in frontier areas such as China and Vietnam and are pursuing a joint venture in the Soviet Union as well as collaborating on research and development.

A BP-Statoil joint gas initiative will represent a breakthrough for Statoil in the UK where it has no customers other than British Gas, which takes Norwegian gas through the Frigg pipeline under a long-standing arrangement.

For its part, Statoil would offer BP access to Norwegian gas supplies from 1995, after the current Frigg contract has wound down.

Statoil's presence would reassure customers that the joint venture had long-term gas supplies. Further Norwegian gas imports would require UK Government approval, but BP's support would be influential in securing that.

The Norwegians are keen to sell gas from its Troll field, the largest in Europe, which will be available for import into Britain from the mid-1990s.

BP established its own industrial gas marketing subsidiary last year, but its progress has been hindered by a lack of gas and so far has only about 20 customers. BP will almost certainly fold this subsidiary into the joint venture.

The joint venture would probably be able to call on BP's one-fifth share of the North Sea Brae field, which comes on stream in 1994. In addition, it might buy gas owned by other North Sea producers in the run-up to 1995, when it would expect to have access to Norwegian imports.

Statoil will send some marketing staff to work on the joint venture as soon as it is established in a move to emphasise its commitment to the UK market. Final details of the joint venture still need to be resolved, but both sides are confident that the negotiations will be completed successfully.

It looks likely to be a 50-50 arrangement. However, it is not yet clear whether Statoil, which is negotiating to supply gas to the newly independent power station market in the UK, will channel all this business through the joint venture.

Statoil expects to sign one or two UK power station deals in the next couple of months.

IADB may make loans to Latin American companies

By Stephen Fidler in Nagoya, Japan

THE Inter-American Development Bank is considering making loans directly to private sector companies in Latin America.

The proposal, one of a number aimed at fostering the development of the private sector in Latin America, has the support of shareholders such as Chile and Brazil.

There are worries that countries such as Chile, which have privatised much of the state sector, would be unable to benefit by project loans from the bank. Mr Pablo Pinera, Chile's deputy finance secretary, said one possibility would be for the IADB to participate in loans to private sector companies provided by various sources.

The move would require only a policy decision from the IADB board. In its early years, the bank was a frequent lender to the private sector.

Mr Enrique Iglesias, bank president, said the proposal was under discussion, although there was no consensus at present among member governments. In a paper for the bank's board, he said demand for private sector project finance would probably increase, and the question was whether the bank should support such projects without government guarantees.

The proposal's opponents include the Mexican government. Mr Angel Gurria, Mexican under-secretary for international finance, said too much private sector lending could start to put the bank's top credit rating at risk. There are also fears that the private sector could crowd out infrastructure finance which would otherwise be provided by the public sector.

He said the resources of the bank's private sector arm, the Inter-American Investment Corporation, should be expanded if more multilateral support for the private sector were required.

Mr Iglesias [illegible] in his paper: "The risks associated with lending to the private sector are not necessarily greater than those that accompany public sector lending".

However, he also argues that lending to the private sector "requires a careful analysis in relation to the bank's ratings in the bond markets, the establishment of a cap on the amount of such operations, the nature of the guarantees required in lieu of public sector guarantees, and the necessary participation of governments."

Electricity groups explore futures trading

By David Thomas, Resources Editor, in London

THE CREATION of the world's first electricity futures market has taken a significant step forward with a decision by the newly privatised industry in the UK to seek help in setting up an innovative trading system.

Broking houses James Capel and Merrill Lynch, and the investment banking group Midland Montagu are believed by senior industry figures to be among about two dozen London firms showing interest in the initiative to trade electricity supply contracts.

Invitations are about to be issued to a shortlist of these firms to run the new forward market. The industry hopes the system can begin operating by the summer.

The idea is that one firm will be chosen as the official intermediary, or broker, to run the market. The firm would act as a clearing house for companies wanting to buy or sell electricity supply contracts.

The 20 initial participants in the trading system would all be electricity companies: the 12 regional electricity companies in England and Wales, National Power, PowerGen, Nuclear Electric, British Nuclear Fuels, Scottish Power, Scottish Hydro-Electric, Scottish Nuclear and Electricité de France.

But electricity industry executives say there is nothing to stop large industrial customers trading the contracts, which are designed to offer protection against fluctuations in electricity prices.

A system of option, or hedging, contracts, which allows electricity companies to protect themselves from fluctuations in the price of power, has been introduced following the privatisation of electricity in England and Wales.

However, since contracts are bought far in advance, companies can find themselves with too few or too many hedging contracts, both of which can have serious financial consequences.

A company in this position could approach the electricity trading broker to seek a deal to smooth out its contracts. For example, the broker would try to arrange a deal between a company with too few option contracts and one with too many.

The names of companies striking such deals would be kept confidential in order to encourage participation in the trading system, but the official broker would publish guide prices for participants.

Each contract would be broken down into standardised four-hour periods covering peak and off-peak parts of the day. The deals arranged by the official broker are likely to be for periods ranging from three months to one year in the future. The invitations to tender being issued to London firms will ask them to specify how much they would charge for running this system.

International aid arrives

Continued from Page 1

again were deployed to break up a protest by local Kurds, protesting at the government's treatment of the refugees. Over the weekend – in the first response to the crisis – Turkish soldiers were clearing a sprawling muddy field high in the shadow of the Destan mountain, which since last week has been the makeshift home for some 80,000 tired and frightened Iraqi Kurds.

The current Turkish strategy appears to be to confine the 250,000 or so refugees who have breached the frontier close to the border.

At Border Post 49, commandos tried to prevent people leaving one camp.

In Cukurca the official message conveyed by loudhailer from government Land Rover was that refugees could have diseases and should not be given homes by the local people.

Allies begin peace search

Continued from Page 1

East, and to advance discussion on developing a common foreign and security policy in the light of the Community's varied response to the Gulf crisis. The French have since taken the lead at the United Nations in seeking action on the Kurds' behalf.

The ambitious original aims of the summit are likely to be diluted into "what exactly we can do in the near future," according to an EC diplomat.

Countries like France and Italy which have strongly backed the EC's preference for an international peace conference to deal with the Palestinian issue are expected to fall in with the growing Community consensus that the US – which is canvassing direct talks between Israel and Arab nations – should take the lead.

The summit is likely, however, to discuss specific EC initiatives on:

● Controls on arms exports. The Dutch are understood to want the EC to work out an international framework to put before the UN. "A clear signal [illegible] that the EC is ready to move," one diplomat said.

● Security. Following talks held by the EC "troika" of Luxembourg, Italian and Dutch foreign ministers, diplomats see scope for wider Community involvement in security arrangements. Though the troika concur that the Arab nations must evolve their own security mechanisms, Iranian leaders told the "troika" who visited Middle East capitals that if a Western force were to stay in the region, they would want a European peacekeeping presence as part of it.

● Economic co-operation. The summit may examine regional initiatives, particularly with the 12 Maghreb and Mashraq countries, to which the EC plans to devote $6.3bn in aid in [illegible].

Kohl warns of problems ahead

Continued from Page 1

west Germans might not show sufficient "patience and understanding" for the plight of east Germans "after more than 40 years of dictatorship and oppression by the Stasi [state security]".

Echoing continuing anger over the secret police apparatus, one man in the crowd outside the Thuringian state government headquarters claimed that several young people hurling insults at Mr Kohl yesterday were former employees of the Stasi.

Mr Kohl said he took "very seriously" complaints from east German workers being made redundant by former communist bosses still running factories.

Mr Gerhard Schütze, the former priest of the cathedral, said that Christians who had stood up to the former regime were being sacked by communists in charge of factories.

WORLDWIDE WEATHER

UK today: northern England, Northern Ireland and Scotland will start dry but turn cloudier with some rain. Southern England, East Anglia, the Midlands and Wales will be cloudy with some showers, but the south will become mainly dry and brighter later. Outlook: drier, warmer, some rain in the north.

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	16	61	Bordeaux	C	15	59	Dallas		–	–	[illegible]	F	[illegible]	55
Algiers	[illegible]	18	65	Boulogne	F	[illegible]	52	Dublin	F	11	52	Inverness	R	9	48
Amsterdam	[illegible]	11	52	Bristol	C	[illegible]	[illegible]	Dubrovnik	S	20	68	Isle of Man	S	11	52
[illegible]	C	17	63	Brussels	F	[illegible]	54	Edinburgh	R	9	48	Istanbul	F	10	50
[illegible]	S	26	79	Buenos Aires		–	–	Faro	S	21	70	Jersey	[illegible]	12	54
[illegible]	S	13	55	Budapest	S	16	61	Florence	[illegible]	21	70	Johannesburg	S	16	61
[illegible]	F	9	48	Cairo	S	31	88	Frankfurt	[illegible]	13	55	Las Palmas	S	16	[illegible]
Belgrade	F	15	59	Cape Town	S	19	66	Geneva	C	11	52	Leeds	F	11	52
Berlin	F	15	59	Cardiff	[illegible]	11	52	Gibraltar	S	18	64	Lisbon	S	17	63
Biarritz	[illegible]	[illegible]	[illegible]	Chicago		–	–	Glasgow	[illegible]	[illegible]	[illegible]	Locarno	[illegible]	[illegible]	[illegible]
Birmingham	[illegible]	[illegible]	[illegible]	Cologne	[illegible]	[illegible]	[illegible]	Helsinki	[illegible]	[illegible]	[illegible]	Los Angeles†	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	Copenhagen	[illegible]	[illegible]	[illegible]	Hong Kong	[illegible]	[illegible]	[illegible]	Luxembourg	[illegible]	[illegible]	[illegible]
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		°C	°F			°C	°F			°C	°F			°C	°F
Madeira	C	16	61	Nairobi	F	25	73	Prague	F	12	54	Tangier	S	[illegible]	[illegible]
Madrid	S	17	63	Naples	S	20	68	Reykjavik	F	1	34	Tel Aviv	S	[illegible]	[illegible]
Majorca	S	17	63	Nassau		–	–	Rhodes	F	17	63	Tenerife	S	[illegible]	[illegible]
Malaga	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9	48	Rio de Janeiro		–	–	Tokyo	[illegible]	[illegible]	[illegible]
Malta	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	27	81	Rome	S	16	61	Toronto†	[illegible]	[illegible]	[illegible]
Manchester	C	8	46	New York†	[illegible]	-7	19	Salzburg	F	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Melbourne	C	17	63	Nice	[illegible]	17	63	S Francisco†	F	[illegible]	[illegible]	Valencia	[illegible]	[illegible]	[illegible]
Mexico City		–	–	Nicosia	[illegible]	21	70	Santiago		–	–	Venice	[illegible]	[illegible]	[illegible]
Miami†	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Vienna	C	[illegible]	[illegible]
Milan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Singapore	[illegible]	[illegible]	[illegible]	Warsaw	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	Oslo	[illegible]	[illegible]	[illegible]	Stockholm	[illegible]	[illegible]	[illegible]	Washington†	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	Paris	[illegible]	[illegible]	[illegible]	Strasbourg	[illegible]	[illegible]	[illegible]	Wellington	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	Perth	[illegible]	[illegible]	[illegible]	Sydney	[illegible]	[illegible]	[illegible]	Zurich	[illegible]	[illegible]	[illegible]

Temperatures at midday yesterday † Noon GMT. C–Cloudy, Dr–Drizzle F–Fair, Fg–Fog, H–Hail, R–Rain, S–Sun, Sl–Sleet, Sn–Snow, T–Thunder

FINANCIAL TIMES
COMPANIES & MARKETS
© THE FINANCIAL [illegible] LIMITED [illegible]
Monday April [illegible] 1991

INSIDE

Shanghai welcomes foreign banks

Six foreign [illegible] have been selected to open branches in Shanghai for [illegible] time since China's Communist regime took over in 1949. The opening up of Shanghai illustrates the importance given by Peking [illegible] the redevelopment of the city as [illegible] financial centre under Zhu Rongji, the city's reformist mayor, who is planning [illegible] $12bn commercial [illegible] industrial development zone. [illegible] Elliott reports. Page [illegible]

Trusthouse Forte [illegible] hotels

Trusthouse Forte [illegible] put 32 [illegible] its [illegible] UK hotels on the market, hoping [illegible] than £75m ($133m) [illegible] it [illegible] profit [illegible] book [illegible]. The disposal [illegible] properties [illegible] group's [illegible] acquisition [illegible] Hotels, [illegible] 43-hotel chain, from [illegible] in [illegible] last year, [illegible] decision [illegible] rebrand its [illegible] into categories [illegible] Crest, [illegible] Travelodge. Page 18

Shattered illusions

Depressing news on US unemployment last week was taken by Wall Street as a sign that another round of interest-rate cuts would soon follow. The price of the benchmark 30-year Treasury bond jumped by [illegible] ½ point, [illegible] for [illegible] from [illegible] Board. But [illegible] Fed disappointed [illegible] and everyone's [illegible] quickly fell apart. [illegible] reports. Page [illegible]

Shadow over gilts

There is a measure of uncertainty in [illegible] gilt-edged securities. Although they [illegible] top performing government bonds in 1991, the omens are becoming slightly less fortuitous. The [illegible] the [illegible] of England (above) plans [illegible] new [illegible] of £800m ($1.4bn) [illegible] per cent Treasury [illegible] sent shock waves through the market and prices fell sharply. Peter Marsh looks at the way gilts [illegible] likely to perform over the next [illegible]. Page 20

Market Statistics

Companies in this section

Insider trading allegation against Ashcroft to be dropped ● Jackson declines board position

ADT peace plan rejected by Laidlaw

By Richard Gourlay in London [illegible] Bernard Simon [illegible] Toronto

TALKS [illegible] ADT, the car [illegible] security company, and its largest shareholder, Laidlaw of Canada, have collapsed [illegible] three meetings last week between Mr Michael Ashcroft and Mr Donald Jackson, [illegible] respective chief [illegible].

Mr Ashcroft said in a statement from his Florida home that he [illegible] disappointed [illegible] talks had failed to calm Laidlaw's concern about ADT's corporate governance and had not been able to meet its demands for board representation.

It has also emerged that Laidlaw is expected shortly to retract its allegations that Mr Ashcroft used inside information last November to sell a 5 per cent stake in BAA, the former British Airports Authority.

Laidlaw, the Ontario-based school bus [illegible] services operator, is understood to have acknowledged that the allegations it made in a New York court last Monday were based on inaccurate information.

The information was gleaned by Laidlaw's lawyers largely from press coverage. Laidlaw is represented in the case by Skadden, Arps, Slate, Meagher & Flom, one of the most respected corporate law firms in New York.

The law firm appears to have taken literally headlines reading "Ashcroft sells BAA stake". The close public identification of Mr Ashcroft with ADT means his name is sometimes used in place of the company's in headlines.

Laidlaw holds a 28.4 per cent equity stake in ADT. Its allegation against Mr Ashcroft was included in a claim that the Bermuda-registered ADT had failed to meet standards of corporate governance required by a company that is quoted on NASDAQ.

At the centre of this claim was an allegation that ADT directors had manipulated their company's share price by manufacturing sales of assets between ADT and its controlled affiliates. The allegation helped knock 25 per cent from the value of ADT's shares last week.

In his statement, Mr Ashcroft said that discussions had begun in February following a letter from Laidlaw. He stated that he had already met most of Mr Jackson's demands in a formal letter on March 29.

In the letter, Mr Ashcroft had offered Laidlaw three seats out of 12 on an expanded ADT board and Mr Jackson the position of deputy chairman.

The letter also said Laidlaw's concern about corporate governance should have been allayed by the New York Stock Exchange's decision to allow ADT a full listing on that exchange. This would require quarterly reporting, the statement said.

Mr Ashcroft's offer was made conditional on Laidlaw agreeing not to raise its stake without prior permission from ADT.

In its New York complaint, Laidlaw has asked the court to nullify a similar "standstill" agreement, signed by the Canadian company's founder, Mr de Michael Groote, before he retired last year. This, in effect, denies the Canadian company any representation on [illegible] board.

[illegible] statement, Mr Ashcroft repeated [illegible] ADT's [illegible] accounts which are to be published shortly would carry no qualifications. He said that the auditors, Coopers and Lybrand, had confirmed in writing that it saw no reason to change its opinion in the light of the New York allegations.

Mr David Hammond, ADT's deputy chairman, also sought to pacify a [illegible] market about the company's financial condition. [illegible] said that debts due [illegible] amounted to [illegible], compared to operating cash flow of $290m in 1990 and that balance sheet gearing was under 30 per cent.

Mr [illegible] said it was imperative that the dialogue bwetween ADT and Laidlaw should continue until there was a settlement.

He met Mr Jackson three times last week, twice in Toronto on Friday and Saturday, and once in Florida.

It is not yet clear whether Mr Ashcroft, a director of Laidlaw, will attend the company's board meeting on Wednesday in suburban Toronto.

Laidlaw's lawyers are expected to amend the claim within the next few days to exclude the insider trading charge. London stock exchange records show, however, that ADT's 5 per cent stake in BAA accounted for virtually all the shares traded on the day in question.

Beach party that wound up on the rocks

Bernard Simon looks at the reasons for the deterioration in relations

MICHAEL Ashcroft [illegible] Michael de Groote [illegible] met about three years ago while holidaying in Florida. As they relaxed on the beach, the ambitious founders of ADT and Laidlaw laid the groundwork for a relationship which seemed at the time to suit [illegible] aspirations [illegible] of Mr [illegible] security and car auction group, and Mr de Groote's fast-growing North American waste services and [illegible] bus operator.

However, those discussions [illegible] company [illegible] over the past week. Laidlaw has accused ADT of "rigged transactions" which created "illusory" profits, and Mr Ashcroft personally of insider trading. ADT, in turn, is suing its biggest shareholder for defamation, alleging that it has made "untrue, scurrilous and reckless allegations".

The story of how ADT and Laidlaw fell out revolves around the personalities and management styles of Mr Ashcroft, Mr de Groote, and Mr Donald Jackson, who succeeded Mr de Groote last year as Laidlaw's chief executive.

In business terms, Mr Ashcroft and Mr de Groote had much in common. The former is the epitome of the hard-driving British entrepreneur spawned by Thatcherism. Belgian-born Mr de Groote left school at the age of 14 and went on to transform a small Ontario trucking company into one of North America's leading waste services and school bus operator.

With their forceful personalities, both men dominated their companies and almost single-handedly shaped their strategies.

Soon [illegible] the Florida meeting, Laidlaw [illegible] began [illegible] forge their relationship. [illegible] long, Mr Ashcroft expressed [illegible] interest in buying a controlling stake in Laidlaw which Mr de Groote had put up for sale.

That transaction came to naught. But in early 1989, as part of an effort to reduce ADT's debt, Mr Ashcroft sold the company's 34 per cent stake in Attwoods, Britain's largest waste management company, to Laidlaw for $197m. Laidlaw has subsequently raised its interest in Attwoods to 37 per cent.

A few months later, Mr Ashcroft offered Mr de Groote an 11 per cent stake in ADT, again trying to reduce his company's debt. But Mr de Groote insisted on at least 20 per cent so that Laidlaw could equity account its interest. Laidlaw ended up buying a 22.4 per cent stake, which it has lifted to about 29 per cent.

As part of the deal, Mr Ashcroft and Mr de Groote drew up a two-page agreement which has become central to the deterioration of relations between the two companies. Under the agreement, each man became a director of the other's company, but Laidlaw had no other representation on the ADT board. Laidlaw also agreed not to raise its stake in ADT without [illegible] Ashcroft's approval.

Ashcroft (left) and de Groote: "a deal done by two entrepreneurs"

"Those were the 1980s – it was a characteristic deal done by two entrepreneurs," a person familiar with the transaction recalls.

Tensions between Laidlaw and ADT were evident almost from the start. Although Mr de Groote and Mr Ashcroft remained on good personal terms, they were frustrated at their inability to find any way of building on the corporate relationship.

Mr de Groote is also said to have become increasingly concerned about ADT's corporate governance. He has apparently played no part in drawing up Laidlaw's claim. Nonetheless, based on files which he left at its head office in Burlington, west of Toronto, Laidlaw contends that ADT "has virtually ignored and undermined" Mr de Groote's position as a director. It alleges that notices of board meetings were provided to him on unreasonably short notice, and sometimes not at all. Mr de Groote appears to have been unwilling, however, to confront Mr Ashcroft and ADT.

Meanwhile, a new player had entered the picture. After Mr Ashcroft decided not to buy into Laidlaw, Mr de Groote in May 1988 sold a 47 per cent voting interest to Canadian Pacific, the venerable Montreal-based transportation company. CP was casting around for businesses with a brighter future than the steel, mining and airline subsidiaries it had recently sold, and Laidlaw seemed to fit the bill.

CP named three directors to the board and also secured representation on the executive committee. But it allowed Mr de Groote to remain chief executive, and he continued to run the company as a one-man show.

CP was not entirely happy, however, especially about the lack of information coming out of ADT, which accounted for between 15 and 20 per cent of Laidlaw's earnings. The Montreal company is understood to have quietly commissioned several studies on ADT.

Mr de Groote, who is in his late 50s, left Laidlaw last summer, selling his remaining shares in the company and retiring to a palatial home in Bermuda. His successor is Mr Jackson, who was the chief executive of a Calgary-based waste disposal company acquired by Laidlaw during its 1989 acquisition binge.

The combination of a new controlling shareholder and a new chief executive is bringing some fundamental changes to Laidlaw and has clearly affected its relationship with ADT.

Mr Peter Widdrington, Laidlaw's non-executive chairman, notes: "Mike de Groote did a first-class job in building the company, but [illegible] needs a better approach to planning and [illegible] kinds [illegible] management [illegible] that you expect in [illegible]. Mr Jackson, [illegible] way, [illegible] professional manager, which wasn't Mike's way. Mike [illegible] an entrepreneur."

The Canadian company became increasingly [illegible] it was being [illegible] in the dark about ADT's financial condition. Among the events which contributed to its unhappiness was a shareholders' meeting called at [illegible] Bermuda [illegible] autumn, at which ADT proposed to give greater control to management.

According to Laidlaw's court claim, Mr Ashcroft is said [illegible] told Mr Jackson [illegible] neither ADT's accountants nor lawyers, nor Mr Jackson himself would be allowed to get a "full picture" of ADT's affairs.

Laidlaw's discomfort has grown with a deterioration in ADT's financial performance and its sinking share price. Laidlaw's 29 per cent stake is now worth $400m-$450m less than its investment of close to $1bn. ADT last month reported a 22 per cent drop in earnings, including a 63 per cent plunge in income from unidentified "non-operating sources".

Laidlaw is due to release quarterly earnings on Wednesday. It has already warned that it received no contribution from ADT. Although the UK group is still profitable, its contribution to Laidlaw is likely to be nullified by a special provision to account for write-offs by ADT.

This, together with the downturn in its North American operations, has forced Mr Jackson to retract a promise made only a few months ago to repeat Mr de Groote's performance of a consistent 20 per cent rise in annual earnings.

Despite the bad blood of the past few months, it is still possible that relations between Laidlaw and ADT will be patched up rather than face expensive and protracted court proceedings.

The stakes for [illegible]th men and their companies are high. The only person with little to lose is Mr de Groote.

Although he is in the uncomfortable position of being caught between a company which was his life for 32 years and one to which he still owes a fiduciary duty as a director, Mr de Groote says: "I have no argument with either one of them."

In any case, he has [illegible] comfort of having pocketed about half a billion dollars by selling his Laidlaw shares at a price much higher than they are today.

Economics Notebook

Free trade deal bewitches economists

IF THE proposed [illegible] agreement (FTA) between the US, Canada and Mexico never makes it past the US Congress, it will not be for a lack of economic analysis. [illegible] Presidents George Bush and Carlos Salinas announced their intention to negotiate an agreement last June, scores of economists, aided by computers, reams of data, and simplifying assumptions, have been queuing up to predict who will win or lose from its implementation.

According to the US's International Trading Commission (ITC) there are no less than eight US government reports under way or completed examining the effects of an FTA on, among other areas, the border economy, agriculture, energy, and the in-bond or *maquiladora* sector. This is the practice of importing components which are not subject to tariffs because the assembled product will be exported.

Private sector economists are being just as industrious. Raul Hinojosa of the University of California, Peat Marwick, the management consultancy, the Colegio de Mexico, and a joint academic US-Mexican-Canadian study involving half a [illegible] universities [illegible] all using one of the fanciest tools in economics – general equilibrium modelling – [illegible] esti[illegible] the FTA's impact on different sectors of the economy.

The ITC official study, published in February, said that the FTA would have "little or no effect on employment levels in the US", and that although "the real income for unskilled workers in the US is likely to decline slightly . . . some plausible scenarios suggest it could increase".

But the main conclusion of the report – which looked at 19 different manufacturing and agricultural sectors – is that although beneficial, the impact of the FTA on the US would be very small. Why? Because Mexico's economy is just 4 per cent of the size of the US's, home to just 7 per cent of American exports, on which it imposes average tariffs of less than 10 per cent.

Most of the academics' general equilibrium models (GEMs) completed so far agree that the effects of an FTA on the US economy will be tiny. However, they attempt to give a more precise breakdown on the impact of the FTA on individual sectors.

Bush (left) and Salinas: accord sparked endless analysis

The Peat Marwick study, commissioned by the pro-FTA Mexico-USA business committee and published last month, concluded that American [illegible] would [illegible] by an almost negligible 0.02 per cent, and [illegible] by the hardly inspiring 0.32 per cent. This was on the assumption that an FTA did not lead to increased capital flows into Mexico.

However, Peat Marwick reckoned that Mexico would need to receive $25bn of foreign investment to get the same return on capital as before the FTA. The extra investment would cause Mexico's income to increase by an additional 4.6 per cent; US income, pushed up by extra Mexican demand for its exports, would rise by 0.04 per cent.

Within the US, the biggest sectoral winners would be optical instruments, machinery and equipment, and motor vehicles; output would increase by 1.21 per cent, 0.48 per cent, and 0.28 per cent respectively. The biggest losers would be sugar refining, electronic components, and fruits and vegetables; output would fall by 3.89 per cent, 0.96 per cent, and 0.8 per cent.

In Mexico, the sectors that win and lose are roughly a mirror image of those in the US. However, the percentage gains and losses are much bigger, reflecting the smaller size of the economy. For example, output of sugar producers would grow by almost a third.

A fundamental criticism – levelled at most general equilibrium models – is that they do not take into account the so-called dynamic benefits of a reduction in trade barriers. Such models, simply put, try to mimic the structure of the economy with a series of equations (15,000 in the Peat Marwick model).

But most GEMs assume that the basic structure of the economy, captured by the equations, remains unchanged by the FTA. The gains to the FTA are merely static ones; the one-off effects of a reduction in trade barriers, which enables efficient sectors in the economy to expand production, and inefficient ones to contract.

Optimists argue that the gains from an FTA will be much greater than these static ones. They say that the increased competition, economies of scale, transfers of technology, higher economic growth and more certain trade and investment regulations will generate "dynamic gains" for the participating countries.

In a paper to be presented at a conference on the FTA this week in Denver, Mr Clark Reynolds, of Stanford University, claims that the "dynamic integration dividend" is capable of swamping the static gains from a reduction in tariff and non-tariff barriers.

The snag is that measuring these qualitative changes is almost impossible – although this has not stopped many economists from trying. Mr Rogelio Ramirez de la O, of the Mexico City consulting firm, Ecanal, estimates in a paper to be presented at the Denver conference that the FTA should boost Mexican gross domestic product by an additional 1.2 per cent a year. But to come up with this figure Mr Ramirez de la O makes a series of [illegible]pired guesses: that [illegible] displaces 5 per cent of US imports from Latin America and Asia; that output per US worker will fall from five [illegible] that of a Mexican worker to 3.7 and, [illegible] to one in five years, and so on.

Amidst all this sophisticated [illegible], most economists prefer to skip over Canada's economic performance since its [illegible]TA with the US took effect in [illegible]anuary 1988. Against a back[illegible]und of falling growth and rising unemployment, only 28 per cent of Canadians, according to a recent [illegible], believe a tri-lateral FT[illegible] benefit their country.

Damian Fraser

UK fund managers optimistic

By Philip Coggan in London

UK FUND managers are more optimistic about the prospects for the British economy, but are losing enthusiasm for placing funds in the London stock market, according to a survey for Smith New Court, the securities house.

The monthly survey, carried out by Gallup, showed that 91 per cent of those interviewed expected UK economic conditions to get better over the next 12 months, compared to 84 per cent in the March poll and 49 per cent in January.

While the stock market has already risen on hopes of recovery, the balance of interviewees planning to increase their holdings of UK equities over the next three months has fallen to 19 per cent from 32 per cent in March and 54 per cent in December 1990.

The average forecast for the level of the FT-SE 100 Index in early July is 2,490, lower than Friday's close of 2,545. The index is expected to be at 2,700 in 12 months' time.

Earnings per share (EPS) are expected to show a marginal fall in 1991 while dividends are forecast to rise by 3.8 per cent. In 1992, the managers are looking for a rebound rise of 8.7 per cent in EPS and a 6.8 per cent increase in dividends.

The area most favoured for increased investment is Japan, which has a balance of 38 per cent of the managers intending to increase their holdings. However, sentiment has moved against the European markets. In March, there was a positive balance of 17 per cent in favour of investing in Europe; this month there is a negative balance of 2 per cent.

The survey was carried out in April and covered 97 institutions handling £489bn ($777bn).

Century Oils forecasts higher profits in German bid defence

By Maggie Urry

CENTURY OILS Group, the lubricants [illegible] fighting a £35m hostile [illegible] bid, has estimated its pre-tax profits for the financial [illegible]ear just ended at £4.2m compared to £2.9m in the previous year. Century has already condemned the 110p a share bid from Fuchs, the family-controlled German lubricants group, as "wholly inadequate and unwelcome".

The estimate comes in a circular to shareholders over the weekend. The document [illegible] outlines new developments which could add substantially to Century's profits in future years.

Mr [illegible] Mitchell, [illegible] man [illegible] managing director, said yesterday that [illegible] bid from Fuchs could not [illegible] a [illegible] time. He said the group had put "four or five years of hard work" into new systems now being marketed [illegible] "we [illegible] to reap the benefits for our shareholders".

Fuchs argued in its offer document that Century's profits have been declining since the 1986-87 financial year, and that promises of benefits from Century's long-term [illegible] had been [illegible] for a long time without fulfilment.

Century's estimated pre-tax figure is after an exceptional [illegible] of £500,000, [illegible] redundancy [illegible] involved in the group's reorganisation, compared [illegible] an exceptional profit [illegible] in [illegible] from the sale of assets. Operating profits are reckoned to have been £7.5m (£3.3m) in the year to end March, an increase of 127.3 per cent.

Earnings per share, including the exceptional [illegible], would be 9.1p (6.7p) a rise of 35.8 per cent. At the offer price the p/e would be 12.1. Century's shares stood at 125p on Friday evening.

Century's circular said the group is in talks with [illegible] to make better use of its new plant at Hanley, Stoke-on-Trent. Th[illegible] [illegible] to [illegible] doubling [illegible] throughput, [illegible] £1.4m to [illegible] with some [illegible] expected in the second half of the current year.

Further, Century [illegible] evaluating [illegible] for [illegible] its automatic flotation control system used [illegible] the mineral extraction industry. If installed [illegible] could produce £3.2m [illegible] year of rental income, and Century says the potential market is much larger.

Century is also involved in 30 trials of its Stiklube system, [illegible] cut noise and wear in railways, with encouraging results so far. Century said there was "a [illegible] market for [illegible] product".

Cooper Clarke cash call

COOPER CLARKE Group, which has interests in the wholesaling [illegible] timber and building materials, is calling [illegible] for [illegible] net via a [illegible]-two rights [illegible] at 15p per share.

The proceeds from the issue of 11.1m new ordinary [illegible] will be used [illegible] borrowings and return the USM company to a stronger position.

Certain directors have agreed [illegible] subscribe [illegible] some 2.57m shares. The remainder of their entitlement [illegible] been placed with institutions.

Cooper Clarke also [illegible] that it would incur a pre-tax loss of not more than £275,000 for [illegible] April 28. In addition, extraordinary [illegible] would [illegible] more than £550,000. For the year to April 29 1990 the group returned profits of £933,000 pre-tax.

The results would include all foreseeable write-offs [illegible] provisions resulting from the [illegible]sure of Unigrate's manufacturing operation.

Courtney director quits

MR STEPHEN Lewis, who [illegible] into Courtney Pope (Holdings) with [illegible] shop-fitting company that has recently [illegible] placed [illegible] receivership, [illegible] resigned from [illegible] board, [illegible] Fuller.

He had already [illegible] to be managing director, a post [illegible] about [illegible] months. His compensation payment was described as insignif[illegible].

Mr Lewis became a director in [illegible] pany Quickwood had [illegible] acquired for [illegible] initial £4.5m, with [illegible] possible £3.5m more to come according to results.

But Quickwood [illegible] since [illegible] one [illegible] subsidiaries consigned [illegible] receivership by "company doctor" Mr Ronnie Aitken, appointed chairman [illegible] Octo[illegible].

Courtney Pope's bank borrowings had reached £13m by then, compared [illegible] shareholders' funds of less than £7m at the May year-end.

BAe shows an interest in de Havilland

By Bernard Simon in Toronto

BRITISH Aerospace [illegible] expressed [illegible] interest in [illegible]ding for de Havilland, the Canadian commuter aircraft maker, but has been prevented from doing so by an agreement between Boeing, de Havilland's present [illegible] and another potential buyer, the French-Italian consortium ATR.

BAe will have an opportunity [illegible] only [illegible] the talks between Boeing and ATR break down. A BAe official said that the company approached Boeing several months ago, but was told that the US [illegible] had a bind[illegible] agreement [illegible] to consider bids from other parties while it [illegible]tiating with ATR. ATR's controlling shareholders are Aerospatiale of France and Italy's Alenia.

A de [illegible] official said [illegible] US and European groups, which have been in progress for about [illegible] months, [illegible] "very nearly complete" and that only a few relatively minor issues remained to be resolved.

Any agreement would require the approval [illegible] the Canadian government. The sale would also be closely scrutinised by de Havilland's trade unions, which fear that much of the company's [illegible] would be [illegible] elsewhere.

Life profits boost London and M'chester

A steady increase in the life [illegible] of London [illegible] Manchester Group last year, [illegible] £16.9m to £19m, more than offset a decline in profitability on its non-insurance activities, [illegible] from £1.66m [illegible] £1.3m.

As [illegible] the group's pre-tax [illegible] in 1990 showed [illegible] near 5 per cent rise, before exceptional items, from £20.8m to £21.8m.

Attributable profits increased by 6 per cent to £16.[illegible]6m, with earnings per share increasing from 13.42p to 13.95p.

Shareholders receive a correspondingly higher dividend increase, up 10.2 per cent from 12.09p to 13.32p.

The increase in life profits was in line with [illegible]. The [illegible] arose over the £231,000 losses from the property agency operations.

However, there are hopes that the property [illegible] operation will return to profitability during 1991 and with the continued steady increase in life profits, overall net profits in 1991 are expected to rise by at least 10 per cent to £18.4m.

THF hopes to raise £75m by the sale of 32 UK hotels

By Maggie Urry

[illegible] leisure group, put [illegible] of its [illegible] UK hotels on the mark[illegible] last week. [illegible] for them, giving [illegible] profit [illegible]

The sale follows THF's £300m acquisition of [illegible] Hotels, the 43-hotel chain, from Bass in May last year, and a decision earlier this year to [illegible] hotels into categories such as Crest, Post House and Travelodge.

Those [illegible] sold [illegible] which did not fit into one of the brands or where there was a geographical overlap.

THF said yesterday that all the hotels being [illegible] were profitable.

The market for hotels has been poor but is thought to be picking up as buyers are attracted by low prices, and the hope that trade will improve now that the Gulf hostilities have ended.

The hotels include properties such as the [illegible] Hotel in Glasgow, St George's in Liverpool and the Grosvenor House in Sheffield. There are also [illegible] number of smaller inn-type hotels for sale. THF said it would be willing to sell the hotels individually [illegible] in groups.

The agen[illegible] handling the sale are Christie & Co and Knight Frank & Rutley.

●THF's inflight catering subsidiary has won the contract to supply United Airlines flights from Heathrow. United Airlines had taken over Pan Am's flights, which had also used THF's catering.

Greenbank board urge rejection of Aubin plan

By J[illegible] Fuller

THE DIRECTORS [illegible] Walker Greenbank, the wallcoverings [illegible] largest shareholder of trying to take control of the group without mounting a bid.

They are urging shareholders to reject an attempt to place five non-executive directors on the board.

[illegible] five have been put [illegible]ward by Aubin, the Jersey-based investment vehicle [illegible] owns [illegible] and has [illegible]ised the present management. An extraordinary meeting to consider the proposed appointments will be held in London on April 26.

Mr Charles Wightman, Walker's [illegible] executive, [illegible] "The fundamental issue is that no single minority shareholder should [illegible] allowed to dominate the composition of the board." However, Walker said it was prepared to accept one of the people proposed, but not five, which would double [illegible] present number of directors.

Mr Sigurd Reinton, an investor in Aubin, said he was the only nominee with an Aubin [illegible] independent which, he said, showed that this was not an attempt to take control.

[illegible] were [illegible] proposed because an earlier attempt to place [illegible] had [illegible] rebuffed.

Tie Rack shares fall on franchise problem

Tie Rack, the retail group specialising in ties, scarves and accessories, saw its [illegible] fall 2p to 30p on Friday after a press report suggested that the group had had [illegible] rescue some of its franchised shops, writes Maggie Urry.

Mr Roy Bishko, chairman, of Tie Rack, said the group had already provided for costs involved in terminating contracts with eight franchisees, who ran 19 shops in total, when it [illegible] small loss for the [illegible] February 3 [illegible] that day.

He said the group had not rescued any franchisees but had "terminated the franchises of those franchisees who have breached their contracts with [illegible] relation to standards [illegible] operation and payment of debt". The eight franchisees had over-extended themselves, he said.

[illegible] has 142 shops in the UK and the Irish Republic and [illegible] in total. Mr Bishko said [illegible] problems of the 19 shops concerned [illegible] not large in the context of the group. He [illegible] he remained committed to [illegible] franchise [illegible]

Hoskyns in asset sale to GEC

Hoskyns Group, the leading [illegible] computer [illegible] which [illegible] 67.4 per cent owned by Cap Gemini Sogeti, the European market leader, is selling some of its computer [illegible] and software [illegible] to GEC, [illegible] for £2.8m, writes Maggie Urry.

[illegible] contributed £1m of [illegible] pre-[illegible] profits [illegible] in the year to end October 1990.

The deal follows the joint takeover by GEC and Siemens, [illegible] of [illegible]sey, [illegible] in [illegible]

CROSS BORDER M&A DEALS

BIDDER/INVESTOR	TARGET	SECTOR	VALUE	COMMENT
Hoesch (Germany)	Camford Engineering [illegible]	Vehicle parts	£84m	Sale cuts debt of Markheath
Hutchison [illegible] (HK)	[illegible] Cellular (UK)	[illegible]	£29.5m	Makes [illegible] UK's largest
Cie Generale des [illegible] (France)	Talkland International (UK	[illegible] telecoms	n/a	CGE takes [illegible]
Danisco [illegible] s	Colon [illegible] (Denmark)	[illegible]	£44m	50% stake sold by SCA
Kvaerner [illegible] (Norway)	R.J. [illegible] (Switzerland)	Engineering	n/[illegible]	KE bolsters S.E. Asia [illegible]
GKN (UK)	Gelenkwellenwerk Mosel (Germany)	Vehicle parts	£7.4m	GKN's first big E. Europe stake
Asea Brown Boveri (Sweden-Switzerland)	Vetco Gray [illegible]	Engineering	n/a	ABB takes full control
Nissan Motor (Japan)	Richard Nissan (France)	Vehicle distribution	£78m	Nissan expands E[illegible] role
Photo-Me Int'l (UK)	[illegible] (France)	Marketing, PR	£5.9m	Stake now [illegible]
Jefferson Smurfit (Ireland)	Centre de [illegible] (France)	[illegible]	n/a	Smurfit expands recycling

Source: FT Mergers [illegible] Acquisitions International

هكذا من الأصل

COMPANIES [illegible] FINANCE

Brambles buys French bulk transport group

By Mark [illegible] in Sydney

[illegible] Industries, [illegible] Australian transport and waste management group, has increased its presence in the European Community by buying Seroul, the French bulk road transport company.

Brambles declined to disclose the acquisition price, but it is believed to have paid A$40m (US$31.4m) for the French company, which specialises in the bulk transport of powdered raw materials such as industrial chemicals, minerals and food stuffs.

Seroul is one of France's largest bulk transport businesses operating more than 300 units from 14 locations in its home country and in the Benelux countries, Italy, Spain, Yugoslavia and Greece, according to Mr Gary Pemberton, Brambles managing director.

This is the fourth significant acquisition in Europe by Brambles over the past 12 months and caps a remarkable six-year campaign to penetrate the world's largest market.

Brambles has spent about A$500m acquiring numerous businesses to build and extend its rail and road transport network, as well as industrial services in the EC.

Brambles started on the acquisition trail in 1985 when it bought the French rail wagon rental company Groupe CAIB, then added the listed Stemi and the rental operations of Britain's Marmon Corporation to take its fleet of rental rail wagons to 38,000.

Last year, it moved into industrial services with the purchase of Fostrans, a French crane hire operator, for about A$30m and the Dutch heavy haulage and lifting group Lastra, before moving early this year on Britain's Econfreight United Transport and Australia's crane rental company Toman.

In the meantime, Brambles has increased its presence in the European pallet market by expanding into Italy, Belgium, the Netherlands, Spain and Germany.

It has also been pushing its pallet business in the US, but has recently indicated its intention to surrender ambitions to take over Ensco after a bitter three-year fight.

Brambles is one of the few remaining Australian blue chip companies and has chosen to take a far lower profile in its bid to enter the EC market compared with its rival, TNT.

Mr Pemberton said in a recent interview that his group was looking to buy businesses in Europe for up to US$50m for a base on which to build.

Jan Timmer: benefits of changes may be delayed

Philips sticks to prediction on profits

By Ronald van de Krol in [illegible]

PHILIPS, the Dutch electronics group which is carrying out a large-scale restructuring programme, said it is standing by its earlier prediction that it will post an unspecified net profit in 1991 after a loss of Fl 4.2bn ($2.2bn) in 1990.

The company was forced to re-affirm its forecast of February 28 after its shares fell sharply on Friday in reaction to a reference in its annual report to the possibility that there may be delays in reaping the benefits of restructuring.

In a foreword to the annual report, Mr Jan Timmer, the company president, said: "The possibility cannot be ruled out that, as a result of stagnating sales, the positive effects of the changes will manifest themselves somewhat later than we originally anticipated. They will, however, become clearly visible in 1991."

Philips said the foreword did not conflict with Mr Timmer's February 28 profit forecast, which is repeated in its entirety in the annual report.

The company, which is due to report first-quarter figures on May 1, has said that an improvement in results should become visible in the second half of the year. However, sales for the year are forecast to be flat.

On Friday, the company's shares dropped by Fl 1.50 in early trading before recovering to Fl 29.40, down Fl 0.60 on the day.

Foreign banks set for branches in Shanghai

By John Elliott, recently in Shanghai

CHINA is expected later this year to allow foreign banks to open branches in Shanghai for the first time since Peking's current Communist regime took over the country in 1949. Six banks have been selected and they will compete with four others which have operated branches in the city on a severely limited basis since the take-over.

The six are Citibank and Bank of America from the US, Banque Indosuez and Credit Lyonnais from France, and Industrial Bank of Japan and Sanwa Bank from Japan.

Foreign banks were first re-admitted into China during the 1980s, but they were restricted to branches in China's special economic zones – Shenzhen, adjacent to Hong Kong, has 17 and Xiamen in Fujian province, which is a centre for Taiwanese investment, has nine.

The opening up of Shanghai illustrates the importance given by Peking to the redevelopment of the city as a financial centre under Mr Zhu Rongji, the city's [illegible], who [illegible] planning a $12bn commercial and [illegible] development zone called Pudong.

The [illegible] China, [illegible] central bank, has formally accepted preliminary applications from the six and is expected to give full approval this year after examining detailed proposals.

The four which have remained in Shanghai have been told they must now re-register. They are the Hongkong and Shanghai Banking Corporation, Standard Chartered, Bank of East Asia from Hong [illegible] and [illegible] Chinese Banking Corporation of Singapore.

No British, Hong Kong or [illegible] Chinese banks were included in the new list because they are already represented in Shanghai by [illegible] four.

All [illegible] banks are intended eventually to operate from the Pudong zone, whose plans include a financial centre directly across the Huangpu River from the city's old commercial centre on the Bund promenade. They will benefit immediately from Pudong's financial concessions including profits tax reduced from 40 per cent to 15 per cent.

They will each be required to provide registered working capital of $10m, and to retain 25 per cent of their profits in Shanghai until they have accumulated $10m working capital. They will not be allowed to do business in local renminbi currency, but they are to be allowed to handle trading in foreign exchange and to [illegible] of credit [illegible] local import-export [illegible] – where they will be competing mainly with the Bank of China.

Another [illegible] foreign banks operate representative offices in Shanghai, and officials [illegible] that most have applied for branch [illegible]. But the existing [illegible] banks fear that the market could [illegible] swamped and [illegible] the government should not licence any more until business builds up.

Two foreign banking joint ventures primarily aimed at attracting foreign capital are preparing to start business. One, Associated [illegible] Shanghai, will [illegible] run by Société Générale and includes Construction Bank [illegible] China and Shanghai [illegible] and Trust Corporation. The other, Shanghai International Finance Company, includes Sanwa Bank, Bank of East Asia, [illegible] Bank of Communications and Bank of China.

Market upheaval pushes Moulinex down 12%

[illegible] Graham in Paris

MOULINEX, [illegible] French kitchen and household equipment manufacturer, has reported net profits of FFr134m ($23.65m) last year, down 12 per cent from 1989 but bouncing back from a loss-making first half.

The group said earnings had been hit by upheavals in some of its most profitable markets, such as the Middle East and the microwave oven market.

Results were also hurt by the cost of financing the acquisitions in 1989 of Swan, the UK kettle and toaster maker, and Girmi, an Italian manufacturer of kitchen electrical equipment. These acquisitions were funded in the UK, where the group suffered from the rise in UK interest rates.

Operating income rose 12 per cent to FFr368m on sales up 16 per cent at FFr5.96bn, but after financial expenses current income fell 15 per cent to FFr192m.

Moulinex's results usually show [illegible] strong seasonal variation, with profits heavily concentrated in the busy September to December period, so the [illegible] market had been forecasting a recovery in earnings in the second half. However, the improvement beat most analysts' forecasts.

Forecasts for 1991 are heavily affected by the acquisition in January of Krups, the German maker of coffee machines and blenders, for DM130m ($77.7m) plus an [illegible] DM85m [illegible].

Moulinex has said that Krups will [illegible] its earnings [illegible] year, but will make [illegible] positive contribution from [illegible] onwards.

The group said total [illegible] in [illegible] quarter [illegible] amounted [illegible] FFr1.74bn. Excluding Krups, sales amounted to FFr1.36bn, 11 per cent higher than in the same period [illegible] 1990.

Air India stays in black but falls 15%

By [illegible] C. Murthy in Bombay

AIR INDIA, the country's flag carrier, has reported a 15 per cent fall in [illegible] profits to Rs600m [illegible] up 18 [illegible] at [illegible] for the [illegible] to March 1991, thereby countering [illegible] trend in [illegible] world airline [illegible] falls into [illegible].

The airline [illegible] and higher [illegible] in [illegible] Gulf War, Mr [illegible] Gupte, chairman, [illegible].

"The unprecedented fuel hike, galloping insurance premium rates and decline in traffic for a major part of the year were problems that affected [illegible] never before," he said.

The Gulf War caused a rise in the airline's fuel bill of Rs740 and in insurance of Rs210m. The advertising budget was cut by Rs100m and austerity measures yielded a saving of Rs50m.

Operating revenue advanced by a sixth to more than Rs16bn from Rs13.68bn in the previous year, mainly because of two successive fare increases. The yield, measured by revenue per tonne kilometre, rose sharply by a quarter to Rs10.75 from Rs8.75.

The airline lifted its passenger load factor to 64.5 per cent from 64.3 per cent the previous year, despite a slump in traffic. The overall load factor, however, was down to 60.6 per cent last year from 62.9 per cent.

German banks in deal to improve liquidity in DTB

By Katharine Campbell in Frankfurt

A GROUP of German banks is seeking to improve liquidity in [illegible] Deutsche Terminbörse's (DTB) bund futures contract [illegible] in competition with [illegible] similar product on the London International Financial Futures Exchange (Liffe).

A deal has been reached by nine banks to make prices on a continuous basis, although it stops short of instituting a full market-maker system. Prices will [illegible] good for a minimum of 20 contracts, [illegible] with a [illegible] between [illegible] bid [illegible] offer prices [illegible] 3 ticks (hundredths [illegible] a point) [illegible] less. [illegible] on a [illegible] basis, [illegible] binding. By contrast, market-makers in DTB share options assumed from the [illegible] specific obligation [illegible] maintain [illegible] prices.

Germany's bund [illegible] off [illegible] disappointing [illegible] the [illegible] of last year, [illegible] electronic trading system struggled to win [illegible] from [illegible] open outcry market at Liffe. Turnover [illegible] climbed slowly [illegible] then.

In March, [illegible] total [illegible] contracts changed hands, [illegible] per [illegible] more than in February. Liffe traded 1m contracts [illegible] February, [illegible] the exchange, and just [illegible] 900,000 [illegible] in March. [illegible] underlying D-Mark government [illegible] was quieter in March.

The [illegible], which includes [illegible] country's three largest [illegible] Deutsche, [illegible] and Commerzbank, began operating the arrangement from [illegible] beginning [illegible] April, after [illegible] period [illegible] testing during March.

The DTB hopes the commitment will bring [illegible] liquidity [illegible] the [illegible] in turn making [illegible] more competitive [illegible] Liffe.

[illegible] exchange, which suffered performance problems [illegible] overall volumes [illegible] new highs in January, [illegible] made some temporary hardware alterations that increase the computer's speed and capacity.

NRI TOKYO BOND INDEX

December 1983 = 100	4/4/91	Average yield (%)	Last week	12 wks ago	26 wks ago
	PERFORMANCE INDEX				
Overall	153.80	7.06	153.64	151.52	141.86
Government Bonds	151.55	6.89	151.49	149.48	138.61
Municipal Bonds	155.65	7.16	155.67	153.88	143.59
Govt.-guaranteed Bonds	158.39	7.22	158.33	156.20	146.28
Bank Debentures	150.64	7.10	150.47	148.60	140.65
Corporate Bonds	157.05	7.31	156.94	152.97	144.43
Yen-denom. Foreign Bonds	160.65	7.95	160.42	156.68	149.75
Government 10-year†	6.61		6.59	6.53	7.65

† Estimated par yield

Source: Nomura Research Institute

Hoesch to try again to select new chairman

By David Goodhart in [illegible]

THE SUPERVISORY board of Hoesch, the German steel and technology group, will today select a new chairman after [illegible] split prevented a decision being made at its last meeting.

The selection became necessary when Mr Detlev Rohwedder, the recently assassinated head of the east German Treuhand agency, agreed to stay with the Treuhand longer than originally planned before returning to Hoesch.

Mr Rohwedder's most likely successor is Mr Kajo Neukirchen, currently the chairman of the Cologne-based machine [illegible] Klöckner Humbolt Deutz (KHD), and [illegible] KHD [illegible] of a loss-making three-year patch.

The shareholders representatives on the board had wanted Mr Hero Brahms, the finance director, to take over, but that was blocked by the trade union side supported by Mr Hermann Zapp, supervisory board chairman, [illegible] favoured Mr Günther Flohr.

Mr Brahms threatened to resign when his promotion was blocked but later said his decision will rest on who is [illegible] as [illegible].

Siemens expects 15% rise in sales

By David Goodhart

[illegible], the German computer [illegible], expects [illegible] increase in orders and sales [illegible] about 15 per cent in 1990-91, but sees similar earnings to last year. That would mean orders rising to DM77bn ($46bn) and sales to DM72bn.

Mr Karlheinz Kaske, chairman, told shareholders recently that sales in the first five months of the current year had [illegible] DM26.5bn, an increase [illegible] per cent. Orders rose 19 per cent to D[illegible] including DM1.2bn from [illegible]ern Germany.

Mr Kaske stressed that Siemens was investing DM5bn in plant in east Germany.

INTERNATIONAL CAPITAL MARKETS

UK GILTS

Traders study the good and the bad

	YIELD (per cent)			YIELD CHANGE (basis points)	
	[illegible] 31 [illegible]	1st qtr low point	April 4 1991	Between Jan 31 and April 4	Between low point and April 4
US	8.25	7.90#	8.16	[illegible]	+26
Japan	6.83	6.38*	6.74	[illegible]	+36
UK	11.21	10.24*	10.29	[illegible]	+5
Germany	[illegible]	8.16§	8.33	[illegible]	+17
France	9.98	8.96*	8.97	-101	+1

GOVERNMENT BOND PERFORMANCE. Note: Figures apply to benchmark 10-year bonds. [illegible] # Feb 11. * Feb 18. §Feb 19. [illegible] Source: UBS Phillips & Drew

GILT edged securities have been among the top performing government bonds in the first quarter of 1991. The big question for gilts traders is whether the rosy state for the market will continue for the rest [illegible] year.

The omens contain a mixture of both good and bad news. On [illegible] hand, general expectations in Britain are that inflationary pressures are receding and interest rates are likely [illegible] continue to come down, from the *current* 12½ per cent to around 11 per cent by December.

On the other hand the market *is anticipating* a rash of bond issues over the next year which is likely to depress conditions. An example of what [illegible] might do [illegible] occurred on Friday, when the Bank of England announced a new issue of £800m worth of [illegible] per cent Treasury [illegible] maturing in 2008.

Although bond traders had been expecting new tranches of securities [illegible] the coming months, the [illegible] still came as [illegible] shock. The 9 per cent bonds themselves, which go on sale on Wednesday, lost nearly 1 point on the day and were quoted on Friday [illegible] 93¾.

The *price* change compared with the previous week still showed a rise of roughly half a point, with a yield [illegible] from 9.81 per cent to 9.76 per cent.

However, [illegible] the fall on the announcement of the tranche may indicate what is [illegible] come [illegible] 1991-92, when many in the gilts market expect new [illegible] from the Bank worth at least £15bn to *pay for [illegible] large borrowing* requirement by the government. Although the Treasury says it will need to borrow £8bn over *the financial* year, some believe the true figure may turn out to be £4bn more.

The shock provided to the market [illegible] new *bond* tranche – which brings to £3.1bn the amount of new securities announced by the Bank since January – has focused attention on the way gilts are likely to perform in relation to [illegible] other main government [illegible] the next few months.

[illegible] shows, gilts have had [illegible] good run since the end of 1990, with the yield for the 10-year benchmark security easing by 92 basis points. The only other of the main government bonds which has outperformed UK government securities over this time has been the *10-year French bond, where* yields have come down by 101 [illegible] points, with [illegible] corresponding increase in prices.

In the case of all the main bond markets, the recessionary conditions which made the last six months of 1990 a good time to invest in government securities have by and large continued. That explains why yields in all cases have carried on the general downward movement *which started around the* spring of last year.

[illegible] reduction in yields for the first quarter of 1991 has, however, not been smooth. *All* the main securities are now *yielding slightly higher figures* than was the case at the low point for yields in the first three months. In the case of all the bonds, this was reached around mid-February, at about the point when fears regarding [illegible] long and costly war in the [illegible] at their highest. This, for the smart bond investor, would have been just the time to sell.

Gilts are showing a yield increase from their low point of [illegible] basis points, while French bonds are yielding just 1 basis point higher. US and Japanese *bonds have yields that are* more than 20 points up on their respective low points.

Mr Malcolm Roberts, a bond analyst [illegible] *UBS Phillips & Drew,* [illegible] that US bonds will be among the [illegible] performers in the [illegible] months. Expectations of lower *US interest* rates have been increased by Friday's worse-than-expected employment figures. Mr Roberts believes US *bonds will be yielding about* [illegible] by the summer, [illegible] reduction of [illegible] 16 [illegible] points.

Mr Steve Hannah, an analyst at NatWest Capital Markets, is one of many economists who worry that gilts may lose out to German bonds over the coming year, particularly in view of the large tranches of gilt issues which may be on the [illegible]. The [illegible] between the yields for German and UK bonds has narrowed considerably over the past year.

Mr Hannah says: "Inflation[illegible] expectations [illegible] Britain have improved, but not to the point where it is obvious that the current *yield spread* is justified." He believes that the difference between UK and *German bond yields could rise to* about 250 basis points in the next few months, with much of this due to [illegible] rise in UK yields.

Peter Marsh

US MONEY AND CREDIT

Jobless rise depresses optimists

US MONEY MARKET RATES (%)

	Last Friday	1 week ago	4 wks ago	12-month High	12-month [illegible]
Fed funds (weekly average)	5.75	6.00	n.a.	11.00	4.00
Three-month Treasury bills	5.86	5.92	n.a.	7.98	5.86
Six-month Treasury bills	5.97	6.04	n.a.	8.04	5.97
Three-month prime CDs	6.13	6.27	n.a.	9.01	6.13
30-day Commercial Paper	6.05	6.32	n.a.	9.95	6.05
90-day Commercial Paper	5.95	6.28	n.a.	10.05	5.95

US BOND PRICES AND YIELDS (%)

	Last Fri.	Change on wk	Yield	1 week ago	4 wk. ago
Seven-year Treasury	99[illegible]	-[illegible]	7.87	7.94	n.a.
20-year Treasury	111[illegible]	+1[illegible]	8.18	8.25	n.a.
30-year Treasury	96[illegible]	+[illegible]	8.17	8.24	n.a.

Money supply: In the week ended March 25, M1 rose by $4.3bn to $844.5bn.

EVER SINCE the Gulf war hostilities ended, American economic forecasters have been crowing in near-unison about the degree to which the return of consumer confidence, a modest upturn in the housing market, and a few other encouraging signs offer evidence that the US recession is going to be a mild one.

The *few* sceptics who warn that the recession is actually deepening are barely listened to these days. Some of them *have been arguing that the* recession is moving into a new phase that will see the manufacturing sector suffering as much as the property and consumer sectors did before.

The pessimists, however, have been outflanked by the followers of the "short [illegible] shallow" [illegible] school. Among the more prominent [illegible] of this is Mr Michael Boskin, chairman of the Council of Economic Advisers and a man fond of predicting an early recovery.

The optimists, however, [illegible] finding it rather hard [illegible] explain [illegible] last Friday's disastrous unemployment figures. These showed a jump in the rate from 6.5 per cent to 6.8 per cent, with the ranks of the *jobless swelling by 410,000 in* the month of March alone.

[illegible] rise in last month's unemployment – to the *highest level in more than four* years – was accompanied by a sharp revision of the February statistics – to show a drop of 291,000 jobs, compared with a previous estimate of 184,000.

The depressing unemployment news was taken immediately by Wall Street as [illegible] that another round of interest-rate cuts would soon [illegible]. Trading in government securities on Friday morning saw the price of the benchmark 30-year Treasury bond jump by nearly ½ point, as investors looked [illegible] the gloomy jobs data and waited for the Federal Reserve Board to act on interest rates.

The Fed disappointed the market, however, and everyone's neat scenario quickly fell apart. This left the 30-year Treasury bond up by only ¼ of a point on the day, making for [illegible] *yield of 8.17 per cent*, down from 8.24 per cent the previous Friday.

The Fed's failure to act on *interest rates* – despite a 0.3 per cent jump in the level of unemployment – may have surprised some in the bond market, but not those who are more adept [illegible] the subtle art of Fed-watching. *Divisions* among Fed governors *over* whether to [illegible] further – [illegible] to [illegible] about the [illegible] *level of inflation – have apparently* been growing in recent weeks.

The unemployment figures, while showing clearly that the US economy remains in deep recession, may not be considered sufficient on their own to warrant an automatic interest-rate cut.

[illegible] the White [illegible] meanwhile, Mr Boskin seemed to try any factor in the possibility of contradictory indicators.

"We are going to see mixed signals for the next [illegible] months," he said, noting that unemployment could continue to grow even after production starts rising.

Mr Boskin's argument [illegible] that unemployment levels could worsen, in spite of the [illegible] of economic recovery. This is because of the lag between factors, such as *falling* oil prices and lower interest rates and the time it takes for the economy to reap the benefits they bring.

The bond market was not, however, prepared to accept Mr Boskin's theories, or anyone else's, for that matter. When it became clear last Friday that the unemployment figures had not *triggered a cut* in interest rates by the Fed, the price of the benchmark bond began to decline again, wiping out gains from the morning and bringing the yield within a whisker of the previous day's 8.1 per cent.

Not all economists accept the [illegible] that the economy remains on course for recovery, despite a national unemployment rate which adds 6.8 per cent is some 1.5 per cent higher than it was last June.

Mr Allen Sinai, chief economist at the Boston Company, [illegible] that "no one should [illegible] This is an old-fashioned, tough recession."

The return of inflation fears may or may not be a genuine factor in the Fed's deliberations. If the Fed is truly [illegible] – between those [illegible] want to cut rates and those who want [illegible] clear sign that core inflation is falling before voting any more cuts – then it could be some time before Wall Street feels it has enough to go on. For the bond market, that implies [illegible] potentially [illegible] period of wait-and-see.

Alan Friedman

CANADIAN GOVERNMENT BONDS

European demand lifts market performance

THE CANADIAN government bond market provided returns of just over 6 per cent during the first quarter of the year, outperforming all other markets in US dollar terms, *according to the J.P. Morgan Government* Bond Index Monitor.

Kemper Investment Management Company's Seventeen Markets Database claims that Canadian government bonds beat all other markets in sterling terms as well, providing [illegible] total return of 16¼ per [illegible] during that period.

Ten-year government bond *yields have fallen* [illegible] in [illegible] of 11¼ per [illegible] to about 9¾ per cent [illegible].

Canadian dealers said that strong European demand has bolstered the market, as investors took a positive view both on the currency and the bond market. In addition, many *Canadian dollar Eurobonds* matured during the first quarter, boosting re-investment flows in [illegible] bonds.

There was [illegible] activity [illegible] US "spread players," that is professional accounts which trade the yield margin [illegible] the US and Canadian bond markets. The US/Canada spread, which his*torically* [illegible] *exceeded 200* basis points, tightened dramatically during the first quarter to 165 basis points for five-year bonds and 146 basis points for 10-year [illegible].

However, dealers said that Canada's ability to outperform other markets may be on the *wane and the sector could* return to tracking the US market. In particular, many analysts believe that rates are not likely to fall much further, suggesting [illegible] floor of 9 per cent for the three-month Treasury-bill rate.

One [illegible] the strength of the market has been the sharp decline of interest [illegible] *spurred by economic* [illegible], which has been deeper in Canada than the US. Short [illegible] have fallen nearly 4 per cent since last May. "There will come a point where a continued easing of rates may start to make the currency vulnerable," said one analyst. *European investors are likely to be* quickly deterred by any currency weakness.

Inflation, a prime concern for the authorities, seems to be starting to fall, but dealers say this has already been largely discounted. In its February budget the government set an inflation target of 3 per cent by the end of 1992, but analysts *say this is rather ambitious.*

Tracy Corrigan

FT/AIBD INTERNATIONAL BOND SERVICE

EQUITY WARRANTS	Expiry Date	Bid price	Chg on week	Prem
BRIDGESTONE CORPN	07/10/92	7½		20.74
CASIO COMPUTER	16/09/92	7½		28.38
DAIWA HOUSE INDUSTRY	04/06/92	4½		58.04
FUJITSU	20/04/93	7		39.20
HINO MOTORS	06/07/94	11½		28.14
KIRIN BREWERY	23/07/92	2		48.78
MITSUBISHI EST	11/03/94	8		93.27
MITSUI REAL ESTATE DEV	20/03/92	9½		44.46
NICHII	17/02/93	[illegible]		64.32
NIPPON MEAT PACKERS	17/09/92	3½		39.54
NIPPON OIL	14/08/92	8		31.92
SUMITOMO CHEM	20/01/93	[illegible]		29.14
TOYO SASH	27/04/93	15½		28.81
TOYOTA MOTOR	15/07/92	21½		3.72
UNITIKA	20/07/93	5½		56.58
YAMANOUCHI PHARM	30/06/92	6¼		22.40

STRAIGHT BONDS: Yield to redemption of the bid-price. Amount issued is expressed in millions of currency units.
FLOATING RATE NOTES: US dollars unless indicated. Margin above six-month offered rate for US dollars. C.cpn = current coupon.
CONVERTIBLE BONDS: US Dollars unless indicated. Prem = percentage premium of the current effective price of buying shares via the bond over the most recent share price.
WARRANTS: Equity warrant prem = exercise premium over current share price. Bond warrant ex yld = exercise yield at current warrant price.

Closing prices on April 5

INTERNATIONAL CAPITAL MARKETS

SYNDICATED LOANS

Pirelli deal likely to provide benchmark

THE LAUNCH last week of a $400m financing for Pirelli Financial Services [illegible] being watched by bankers with considerable interest.

Not only is it likely to provide a benchmark by which other corporate deals [illegible] judged, given that Pirelli is [illegible] well-known name, but it also [illegible] an illustration of how much margins [illegible] since Pirelli announced [illegible] similar deal last December.

Pirelli Financial Services is arranging a five-year revolving credit facility through [illegible] First Boston, with an interest margin of [illegible] points over the London interbank offered rate – rising [illegible] 50 basis points when utilisation exceeds 50 per [illegible] – and [illegible] commitment [illegible] of 20 [illegible] points. The facility [illegible] fully underwritten and is guaranteed by Pirelli Société Générale, the holding company.

CSFB points out that [illegible] money is being raised for general purposes and is "specifically not" for use in [illegible] with [illegible] company's [illegible] moves for Continental, the German tyre group.

Bankers hope the deal will [illegible] more [illegible]cally than the one Pirelli launched in December, raising $200m over [illegible] through Union Bank of Switzerland and Banca Commer[illegible] Italiana. That particular deal was rather tightly priced and while it was syndicated, it [illegible] not w[illegible] difficulty.

The margin then [illegible] basis points for three years, 30 basis points for two years and 32½ for [illegible] final [illegible] point [illegible] margin [illegible] during [illegible] third quarter of 1990 and see the shift towards margins of [illegible] basis points in Pirelli's most recent deal as a reflection of the dramatic change in spread that has taken place since the middle [illegible] last year.

Amoco Exploration's decision to raise $650m over 10 years through Barclays Bank and [illegible] Westminster [illegible] met [illegible] good response: the deal was oversubscribed and the banks have been scaled back.

Although the facility is for [illegible] subsidiary of Amoco, the [illegible] company's strong ra[illegible] proved an attraction, leading one banker to comment that banks are still in business if quality is good. The credit is to refinance existing loans and to fund UK oil exploration. The interest margin over Libor is [illegible] basis points, rising to 50 basis points after three years and to [illegible] points [illegible] years.

The fact that pricing levels [illegible] higher reflects concern [illegible] availability [illegible]. The Japanese banks [illegible]ept well away from [illegible] syndicated loans market in [illegible] half of the 1990/91 financial [illegible] ended on [illegible] 31. [illegible] banks have been worried about [illegible]r ability [illegible] meet the Bank for [illegible] Settlements' requirements for capital adequacy [illegible].

However, bankers [illegible] opti[illegible] Japanese banks will return [illegible] the market in the current financial year. However, [illegible] pricing will [illegible] upwards should the Japanese n[illegible] [illegible] market, leaving [illegible] imbalance between demand and supply.

● Syndication of a $250m-term loan [illegible] Investcorp, [illegible] Bahrain-based international investment bank, began on Friday. The three-year facility, arranged by Bankers Trust and J. P. Morgan, [illegible] margin of 65 basis points above Libor.

The structure of the deal marks a change of tactic for Investcorp, [illegible] previous syndicated financings have been in the form [illegible] three-[illegible] revolving multiple-option facilities. The margin on the new financing is roughly three times the 22.5 basis [illegible] Investcorp paid on a $250m Euronote facility in April 1990.

Sara Webb

EUROMARKET TURNOVER ($m)

Primary Market

	[illegible]	[illegible]	[illegible]	Other
US$	[illegible]	173.0	[illegible]	9,768.4
[illegible]	[illegible]	[illegible]	[illegible]	12,837.3
[illegible]	[illegible]	[illegible]	[illegible]	5,130.0
Prev	[illegible]	[illegible]	[illegible]	[illegible]

Secondary [illegible]

US$	14,476.1	1,086.0	4,901.5	9,577.5
[illegible]	19,391.5	659.7	8,958.9	10,273.4
[illegible]	26,974.8	639.8	2,383.4	37,827.3
[illegible]	40,011.4	843.5	5,606.8	69,789.7

	[illegible]	Euroclear	Total
US$	[illegible]	24,788.0	38,043.5
Prev	[illegible]	36,701.8	53,843.6
Other	32,841.9	[illegible]	74,466.7
Prev	35,587.7	[illegible]	[illegible]

Week to APRIL 5th 1991 Source: AIBD

INTERNATIONAL BONDS

Credit card-backed offerings may return to favour

A $750m CREDIT [illegible] Eurobond offering last week by Sears, the US retailer, marked [illegible] partial return to favour for [illegible] securities, which have undergone a crisis of investor confidence.

A global credit card-backed deal for Citicorp totalling up to $1bn, [illegible] launched shortly by Salomon Brothers, will further test the [illegible] recovery.

The Sears [illegible] of its type to emerge since last October. In the meantime, the yield margin above [illegible] suries at which asset-backed securities trade expanded [illegible]matically, in [illegible] US [illegible] market and the Eurobond market.

For example, Citicorp launched an $890m five-year deal in February 1990 at a yield spread of 83 basis points above [illegible] comparable US Treasury.

By the end of the year, that spread had doubled. But a steady improvement in prices since the end of hostilities in [illegible] has brought [illegible] spread back to 105 basis points.

For several months at the end of 1990 and the start of 1991, asset-backed securities, despite having mostly triple-A credit ratings, underperformed many corporate bonds as well as issues for sovereign and supranational borrowers.

There was widespread concern that the structure might not be able to withstand what at the time seemed to be the prospect of a long recession.

Fund [illegible] who dislike uncertainty [illegible] bond redemption because of reinvestment concerns, were worried that the increased level of losses on credit cards might trigger prepayment of some [illegible].

Many credit card deals include an amortisation trigger, which means that certain adverse circumstances cause the bonds to be repaid ahead of schedule. A spread is fixed – in those deals most affected it was 450 basis points – above the coupon level. If the yield of [illegible] portfolio, [illegible] net credit losses, falls below [illegible] level over a three month average, amortisation is triggered.

As default levels rose sharply due to economic recession, it seemed for [illegible] time that amortisation [illegible] might [illegible] triggered, even though the cash flow from [illegible] portfolio [illegible] still ample for [illegible] payments to be [illegible].

In fact, the closest any Citicorp deal came to triggering [illegible] 100 [illegible] points. But speculation [illegible] prepayment had started [illegible] deal fuelled selling of asset-backed securities in the US and created a follow-through effect in Europe.

Meanwhile, other Citicorp deals had [illegible] cushion of 220 rather than 450 basis points and Citicorp placated investors by providing [illegible] that, should [illegible] trigger point [illegible] reached, the cushion on those deals would be reduced to 220 basis points.

Another cause for concern among investors last year was the expectation that the supply [illegible] would be very heavy, despite [illegible] demand. In previous years, supply increased sharply in the [illegible] quarter, and, when the sell-off started in October, this pattern was widely expected to recur. In the event, supply has been relatively modest.

For the moment, the appetite for asset-backed [illegible] appears [illegible] be stronger in the US market than in Europe, but [illegible] improvement in expectations about the performance of the dollar is underpinning European interest in US securities, including the asset-backed sector.

The sterling mortgage-backed market, the [illegible] European asset-backed market, is also recovering after a period of weakness.

Because UK mortgages are predominantly floating rate, most sterling mortgage-backed deals have also been floating rate, so the investor base has been mainly [illegible] and [illegible]pany treasuries.

The [illegible] back when [illegible] Bank of England announced in January that, in line with a European Community directive, [illegible] may [illegible] to hold twice [illegible] much capital [illegible] previously against mortgage-backed investments.

Higher mortgage default rates and unpredictable maturity have also [illegible] concern among UK investors. Investors are now showing [illegible] preference for deals with a shorter average life. For example, the Household Mortgage Corporation, a specialist UK mortgage lender, brought two deals on Friday, one of which was a £100m issue of floating-rate notes with an expected average life of just 1.34 years.

The discounted margin for that deal was 50 basis points [illegible] the London interbank offered rate. Earlier in [illegible] year, [illegible] had discounted margins of up to 75 basis points, while deals in the early autumn had margins of only 30 basis points.

Tracy Corrigan

NEW INTERNATIONAL BOND ISSUES

Borrowers	Amount m.	Maturity	Av. life [illegible]	Coupon %	Price	Book runner	Offer yield %
[illegible]							
[illegible] Dome Corp.(l)♦	[illegible]	[illegible]	5	[illegible]	100	[illegible] Europe	-
Credit National†	200	1994	[illegible]	7¾%	100.975	UBS Phillips & Drew	7.376
[illegible]	[illegible]	[illegible]	4	[illegible]	100	Daiwa Europe	-
Matsuya Co(c)♦†	60	[illegible]	[illegible]	4⅝%	100	Daiwa Europe	-
Finnish [illegible]	250	1994	3	7¾%	101¼%	Paribas [illegible] Mkts.	[illegible]
[illegible]	100	1995	4	[illegible]	100	Yamaichi Int.	-
Intec Inc.♦	100	[illegible]	[illegible]	[illegible]	100	Nikko Secs.	-
Tadano Ltd.♦	[illegible]	[illegible]	4	4%	100	Kankaku Europe	-
Sears(EARST)1991(d)†	750	[illegible]	5	8¾%	100.70	CSFB	8.572
Mitsubishi Trt Asia Ltd(g)‡	150	2001	10	(g)	101⅞%	Salomon Brothers Int.	(g)
[illegible]	50	1994	[illegible]	(h)	[illegible]	[illegible]	(h)
HMC [illegible]	100	1996	5	11⅛%	102.62	Baring [illegible]	11.341
HMC Mort'Notes(7 [illegible]	100	2033	42	(i)	[illegible]	Baring [illegible]	(i)
STERLING							
Hydro [illegible]	100	[illegible]	10	11¼	99.80	[illegible]	11.284
British Aerospace†	150	[illegible]	6½	11⅞%	[illegible]	Barclays de Zoete Wedd	11.925
Fiat Fin & Trade†	125	[illegible]	3	[illegible]	79.7%	Barclays de Zoete Wedd	10.224
[illegible] Elec Cap Corp.†	[illegible]	[illegible]	5	10¼%	101.20	Hambros Bank	[illegible]
[illegible]							
Gen.Elec.Capital [illegible]	[illegible]	1998	7	10⅛%	101.37	Deutsche [illegible] Capital Mkts	[illegible]
[illegible]	125	1996	[illegible]	10⅜%	[illegible]	J P [illegible]	[illegible]
[illegible] Aust.Fin.Corp.†	[illegible]	[illegible]	5	10⅛%	[illegible]	J P [illegible]	9.713
[illegible]	500	1998	7	10¼%	101.47	RBC [illegible]	9.946
AUSTRALIAN DOLLARS							
S.Australia Govt Fin.†	[illegible]	2001	10	12½%	100.⅜%	Hambros Bank	12.432
[illegible]							
[illegible] RE.Bk(b)‡†	150	1996	5	(b)	100	Westdische. Landesbank	[illegible]
[illegible] Camera♦	200	1998	7	5½%	[illegible]	[illegible]	-
[illegible]	200	1995	4	4%	100	Yamaichi Deutschland	-
Nisshin [illegible]	[illegible]	[illegible]	4	4%	[illegible]	Nikko Bk [illegible]	-
Tosho Printing♦	100	1995	4	4%	100	Nikko Bk [illegible]	-
[illegible]Rentenbank(e)†	[illegible]	[illegible]	2	10¼%	[illegible]	Salomon Brothers [illegible]	[illegible]
Hamburgische Lndbk(m)†	75	1994	3	10%	100⅝%	Trinkaus & Brkhardt	9.753
SWISS FRANCS							
[illegible] Bk.of Finland†	[illegible]	1998	5	7%	102.0	UBS	6.519
Fuji Tekko Co.(a)★★§†	35	1995	4.5	4⅞%	100	Bca.D'Svizzera Italiana	4.868
Yazaki Corp.★★†	50	1998	5	7½%	99⅞%	Wirtschafts und Prtbk.	7.531
S&B Shokuhin Co.★★†	50	1996	5	7¼%	99⅝%	SBC	7.342

Borrowers	Amount m.	[illegible]	Av. life years	Coupon %	Price	Book runner	Offer yield %
[illegible]	[illegible]	[illegible]	7	[illegible]	102¼%	Credit Suisse	[illegible]
Eurofima(l)†	200	[illegible]	[illegible]	8⅝%	[illegible]	UBS	8.538
[illegible]							
C'Suisse Fin Guernsey†	200	1994	3	9%	101⅜%	CSFB	8.532
YEN							
[illegible] Cap'of America(l)†	10bn	1998	6.5	(l)	[illegible]	[illegible] Int.Europe	(l)
[illegible]	5bn	1994	3	7%	101⅝%	Kankaku	6.388
FRENCH FRANCS							
[illegible] Grp [illegible]	750	[illegible]	3	[illegible]	101.05	BNP Capital [illegible]	[illegible]
Societe [illegible]	500	1999	8	[illegible]	[illegible]	[illegible]	9.246
[illegible]	1bn	1995	[illegible]	4⅞%	[illegible]	Credit Lyonnais [illegible]	-
LIRE							
World Bank†	600bn	1998	7	11⅝%	101.45	Bnca Comm' Italiana	11.314
LUXEM[illegible]RG [illegible]							
[illegible] Int'(Lux)SA.★★†	600	[illegible]	[illegible]	9¼%	101.85	BGL	[illegible]
[illegible] Agricole†	3	[illegible]	[illegible]	[illegible]	101¾%	[illegible] Int. Bank	9.367

★★Private placement. §Convertible. ♦With equity warrants. ‡Floating rate note. †Final terms. a) Callable on 30/9/93 [illegible] 107¾% and 31/3/94 at 100¼%, [illegible] by [illegible] semi-annually. Put option [illegible] to yield 7.798%. [illegible] fixed at 2.5%. b) [illegible] at 25bp over six month Libor. [illegible] fixed at 2.59%. [illegible] Bond issues are [illegible] issuer has [illegible] bonds at par at maturity or receive DM[illegible] plus two [illegible] DM1000 bond. [illegible] +45bp for 3 years after which the deal [illegible] notes will pay [illegible] sixth month Libor and the notes carry a put option at par [illegible] foreign investment in the bank falls below 50%. [illegible] 7/91 after which the coupon drops to 6.5%. j) Conversion premium fixed at 2.51%. k) Mortgage backed bonds. l) [illegible] issue pays 3 month Libor +35bp. m) Issuer has option to redeem bonds at par or receive 27 shares in German utility RW[illegible] investors can take coupon p[illegible]

WORLD STOCK MARKETS

AUSTRIA
[illegible]

BELGIUM/LUXEMBOURG
[illegible]

DENMARK
[illegible]

FINLAND
[illegible]

FRANCE
[illegible]

FRANCE (continued)
[illegible]

GERMANY
[illegible]

GERMANY (continued)
[illegible]

ITALY
[illegible]

NETHERLANDS
[illegible]

NORWAY
[illegible]

SPAIN
[illegible]

SWEDEN
[illegible]

SWEDEN (continued)
[illegible]

SWITZERLAND
[illegible]

SOUTH AFRICA
[illegible]

JAPAN
[illegible]

AUSTRALIA
[illegible]

AUSTRALIA (continued)
[illegible]

HONG KONG
[illegible]

MALAYSIA
[illegible]

SINGAPORE
[illegible]

Price data supplied by Telekurs.

NOTES – Prices on this page are as quoted on the individual exchanges and are last traded prices. [illegible] unavailable. [illegible] dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

CANADA

TORONTO

4:00 pm prices April 5

Quotations in cents unless marked $

[illegible]

MONTREAL

[illegible] pm prices April 5

[illegible]

Total [illegible] 14,801,300 shares

INDICES

NEW YORK

DOW JONES	Apr. 5	Apr. 4	Apr. 3	Apr. 2	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	2897.78	2924.50	2926.73	2945.05	2973.27 (4/3)	2470.30 (9/1)	2999.75 (16/7/90)	41.22 (2/7/32)
Home Bonds	93.72	93.61	93.71	93.80	94.86 (15/2)	91.30 (16/1)	95.51 (9/2/87)	54.99 (1/10/81)
Transport	1114.95	1121.65	1116.18	1115.48	1166.26 (5/3)	894.30 (7/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	215.10	216.11	216.30	216.74	218.12 (26/3)	199.64 (16/1)	236.23 (2/1/90)	10.50 (8/4/32)

(Day's High 2942.26 (2951.41) Low 2876.98 (2899.75))

STANDARD AND POOR'S

	Apr. 5	Apr. 4	Apr. 3	Apr. 2	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	375.36	379.77	378.94	379.50	379.77 (4/4)	311.49 (9/1)	379.77 (4/4/91)	4.40 (1/6/32)
Industrials	444.37	449.84	448.74	449.82	449.84 (4/4)	364.90 (9/1)	449.84 (4/4/91)	3.62 (21/6/32)
Financial	30.03	30.36	30.15	29.75	30.36 (4/4)	21.96 (9/1)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	205.66	207.73	207.39	207.42	207.73 (4/4)	170.97 (9/1)	207.73 (4/4/91)	4.46 (28/4/42)
Amex Mkt. Value	363.41	365.11	362.47	359.91	365.11 (4/4)	296.72 (14/1)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	495.79	497.57	495.05	489.21	497.57 (4/4)	355.75 (14/1)	497.57 (4/4/91)	54.87 (31/10/72)

	Mar.22	Mar.15	Mar.8	year ago (approx.)
Dow Industrial Div. Yield	3.53	3.42	3.40	4.06

	Apr.3	Mar.27	Mar.20	year ago (approx.)
S & P Industrial div. yield	2.81	2.84	2.88	3.05
S & P Indl. P/E ratio	18.44	18.27	17.95	15.09

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day
Pepsico	4,247,500	33¼	- ¾
Saatchi	3,707,500	1½	- ⅛
Blockbuster	3,347,400	12⅞	+ ⅜
RJ Nabisco	3,259,100	12	- ⅛
Fiat	2,919,800	17	- ⅛
Citicorp	2,303,000	16⅛	+ ⅛
Avon Prods	2,279,200	44⅞	- 1⅛
Philip Morris	2,089,300	67¾	- ¾
Bk of Boston	2,057,800	9⅝	- 1⅛
Boeing	1,899,200	49	- ⅛

TRADING ACTIVITY

† Volume Millions	Apr.5	Apr.4	Apr.3
New York	188.467	198.120	213.720
Amex	13.064	14.867	16.841
NASDAQ	(c)	216.112	229.807
Issues Traded	2,046	2,065	2,064
Rises	599	941	959
Falls	938	675	665
Unchanged	509	449	440
New Highs	125	186	185
New Lows	5	6	4

CANADA TORONTO

	Apr. 5	Apr. 4	Apr. 3	Apr. 2	1991 HIGH	1991 LOW
Metals & Minerals	[illegible].70	3134.10	3130.66	3174.93	3284.18 [illegible]	2832.06 (9/1)
Composite	[illegible].13	3524.26	3516.44	3516.31	3571.53 [illegible]	3161.95 (15/1)
MONTREAL Portfolio	[illegible].92	1851.13	1847.64	1851.13	1868.19 [illegible]	1686.89 (9/1)

Base values of all indices are 100 except NYSE All Common – 50; Standard and [illegible] – 10; and Toronto Composite and [illegible] – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. [illegible], (u) Unavailable.

	Apr. 5	Apr. 4	Apr. 3	Apr. 2	1991 HIGH	1991 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1456.4	1459.8	1456.9	1434.8	1459.8 (4/4)	1204.5 [illegible]
All Mining (1/1/80)	657.5	662.9	663.6	654.3	673.5 (28/3)	561.6 [illegible]
AUSTRIA						
Credit Aktien (30/12/84)	520.53	517.72	515.27	505.40	520.53 (5/4)	390.84 (15/1)
BELGIUM						
BEL20 (1/1/91)	1200.59	1198.91	1202.31	1193.91	1202.31 (3/4)	[illegible] (17/1)
DENMARK						
Copenhagen SE (3/1/83)	384.26	383.82	382.51	380.78	384.26 (4/4)	302.26 (8/1)
FINLAND						
HEX General (28/12/90)	1183.7	1171.4	1156.1	1147.2	1183.7 (5/4)	898.5 [illegible]
FRANCE						
CAC General (31/12/82)	491.42	491.21	489.89	488.51	491.42 (5/4)	394.88 [illegible]
CAC 40 (31/12/87)	1852.71	1856.21	1851.89	1827.18	1857.89 (3/4)	1425.26 [illegible]
GERMANY						
FAZ Aktien (31/12/58)	671.57	666.97	668.97	656.00	682.77 (8/3)	570.48 (15/1)
Commerzbank (1/12/53)	1995.40	1992.60	1999.50	1862.4	1942.3 (8/3)	1612.5 (15/1)
DAX (30/12/87)	1586.87	1571.97	1577.50	1538.62	1602.29 (8/3)	1311.82 (16/1)
HONG KONG						
Hang Seng Bank (31/7/64)	(c)	3849.15	3860.70	3789.99	3860.70 (3/4)	2904.01 (16/1)
IRELAND						
ISEQ Overall (4/1/88)	1510.06	1518.26	1510.59	1489.54	1520.66 (15/3)	1114.86 (25/1)
ITALY						
Banca Com. Ital. (1972)	600.29	591.99	592.02	585.06	600.29 (5/4)	486.26 (29/1)
JAPAN						
Nikkei (16/5/49)	26347.33	26489.81	26708.06	26252.09	27146.91 (18/3)	[illegible] (16/1)
Tokyo SE (Topix) (4/1/68)	2015.60	2007.48	2007.56	1976.70	2028.85 (18/3)	[illegible] (17/1)
2nd Section (4/1/68)	3267.76	3238.94	3238.25	3227.43	3267.76 (5/4)	[illegible] (24/1)
MALAYSIA						
KLSE Composite (4/4/86)	591.34	591.17	586.86	584.30	605.85 (11/3)	478.41 (16/1)
NETHERLANDS						
CBS Tnl.Rtn.Gen (End 1983)	269.3	269.9	270.9	267.4	270.9 [illegible]	221.4 (16/1)
CBS All [illegible] 1983)	196.9	197.4	198.1	195.5	198.1 [illegible]	162.3 (16/1)
NORWAY						
Oslo SE [illegible]	718.49	717.35	720.54	714.02	735.00 (8/3)	618.45 (21/1)
PHILIPPINES						
Manila Comp (2/1/85)	1148.36	1128.87	1106.98	1110.77	1148.36 (5/4)	582.64 (10/1)
SINGAPORE						
SES All-Singapore (2/4/75)	409.75	409.98	408.86	405.40	413.46 (15/3)	315.07 (16/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1042.0	1043.0	1039.0	998.0	1367.0 (14/1)	971.0 (25/2)
JSE Industrial (28/9/78)	3425.0	3439.0	3403.0	3386.0	3425.0 (5/4)	2829.0 (16/1)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	(c)	654.34	649.43	643.56	697.62 (4/1)	614.68 (24/1)
SPAIN						
Madrid SE (30/12/85)	281.47	282.08	286.16	286.43	289.22 (18/3)	213.70 (14/1)
SWEDEN						
Affarsvärlden Gen. (1/2/37)	1111.7	1114.8	1112.2	1094.0	1119.0 (18/3)	888.4 (8/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	742.5	740.8	743.0	734.5	743.0 [illegible]	590.4 (14/1)
SBC General (1/4/87)	623.4	618.4	617.9	610.5	623.4 [illegible]	[illegible]
TAIWAN**						
Weighted Price (30/6/66)	(c)	(c)	[illegible]	5185.30	5344.84 (3/4)	3316.26 (16/1)
THAILAND						
Bangkok SET (30/4/75)	874.64	868.49	856.38	853.58	888.16 (18/3)	582.48 (16/1)
WORLD						
M.S. Capital Intl.(1/1/70) (d)	524.4*	520.1	519.0	510.9	524.4 (5/4)	439.1 (16/1)

**Saturday March 30: Taiwan Weighted Price: (c). Korea Comp Ex. 659.85.
‡ Subject to official recalculation. *Calculated at 15.00 GMT.
Base values of all indices are 100 except: Brussels SE, HEX General, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 26 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

TOKYO – Most Active [illegible]

Friday 5 April 1991

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Hitachi Zosen	38.4m	675	+21	Showa Alum	6.9m	[illegible]	+40
Ishikajima-Hrma	12.4m	803	+23	M'sui Shpbldg	6.3m	658	+19
Furukawa Elec	9.7m	855	+38	M'sui OSK Lns	6.1m	682	+17
Kwa Hko Kgyo	9.7m	1,420	+80	Clarion	6.0m	1,100	0
Godo Steel	8.8m	2,800	+130	M'bishi Heavy	6.0m	815	+7

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AUTHORISED UNIT TRUSTS

Unit Name	Init Chrge	Canc. Price	Bid Price	Offer Price	Yield Gr's	City-line
[illegible]						

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The maximum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time at which the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point, a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set at the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071 – 379 – 0444.

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 45p per minute peak and 34p off peak, inc VAT. To obtain your free Unit Trust Code Booklet ring (071) 925-2128

Swiss Life Unit Tst Man Co Ltd (1200)F

TSB Unit Trusts

M & G Securities Ltd

Morgan Grenfell Unit Trust Managers Ltd

Allied Dunbar Assurance Plc—Contd.

City of Westminster Assurance (z)

Eagle Star Insur./Midland Assur.

Economic Insurance Company Ltd

Guardian Royal Exchange—Contd.

Liberty Life Assurance Co Ltd

Merchant Investors Assurance Co Ltd—Contd.

INSURANCES

OTHER UK UNIT TRUSTS

Continued on next page

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N & P Life Assurance Ltd

6-7 Bedford Row, London, WC1R 4UJ 071-430 2348

	Bid Price	Offer Price	Yield Gross	City-line
Life Managed Fd	105.6	111.1	–	41924
Pension Managed Fd	102.6	108.0	–	41926
Life Deposit Fd	105.7	111.3	–	41923
Pension Deposit Fd	110.3	116.1	–	41925

National Financial Management Corp PLC

72 Gatehouse Rd, Aylesbury, HP19 3XJ 0296 395539

	Bid Price	Offer Price	Yield Gross	City-line
Life Funds				
Managed Cautionary	112	122.5	–	47150
Managed Growth	138.8	151.8	–	47151
Managed Opportunity	136.6	150.2	–	47152
NFMC Target Financial	103.7	111.6	–	47153
Pension Funds				
Managed Cautionary	120.4	[illegible]	–	47154
Managed Growth	145.4	[illegible]	–	47155
Managed Opportunity	137.9	[illegible]	–	47156
NFMC Target Mngd Pen	1513.9	[illegible]	–	47157

National Mutual Life

The Priory, Priory Pk, Hitchin, SG5 2DW 0462 422422

	Bid Price	Offer Price	Yield Gross	City-line
Managed	160.1	168.6	–	43141
UK Equity	169.1	178.1	–	43135
Overseas Equity	133.3	140.4	–	43136
Fixed Interest	143.1	150.7	–	43137
Property	130.6	137.5	–	43138

Prosperity Life Assurance Ltd

1 Sessions Hse Sq, Maidstone ME14 1XX 0622 690555

	Bid Price	Offer Price	Yield Gross	City-line
Initial Equity	156.5	165.0	–	42995
Accum Equity	222.0	234.5	–	43005
Accum Managed	228.0	240.5	–	43006
Accum Five Star	170.5	180.0	–	43011
Accum World	123.0	130.0	–	43013
Accum Lifetime	113.5	113.5	–	47139
Pens Acc Equity	242.5	255.5	–	43025
Pens Acc Managed	285.0	300.5	–	43026
Pens Acc Intl	209.0	220.5	–	43027
Pens Acc Deposit	195.0	205.5	–	43029
Pens Acc Five Star	188.0	198.5	–	43031

Providence Capital Life Asc. Co Ltd

2 [illegible], Hook, Hants RG27 9XA 0256 768888

	Bid Price	Offer Price	Yield Gross	City-line
UK E[illegible]	230.0	242.7	–	43411
UK Fi[illegible] Acc	169.7	179.1	–	43412
Intl E[illegible] Acc	177.8	187.6	–	43413
UK M[illegible] Acc	174.6	184.1	–	43414
Property Acc	225.8	238.2	–	43415
Money Acc	127.3	134.3	–	43416
[illegible] Acc	129.9	137.1	–	43417
[illegible]	108.5	114.5	–	46760
[illegible] Acc	103.3	109.0	–	43419
[illegible]	94.1	99.3	–	43420
Technology Acc	120.0	126.6	–	43421
Nat Resources Acc	54.4	57.4	–	43422
European Acc	101.2	106.8	–	43424
Residential Prop Acc	96.3	101.6	–	43425

Shield Assurance Ltd

40 Uxbridge Rd, W5 [illegible] 081-567 0700

	Bid Price	Offer Price	Yield Gross	City-line
Shield Life Mngd	122.3	128.7	–	43997
Shield Pensions Mngd	127.4	134.1	–	43998
Shield Secure	113.2	119.1	–	43999
Shield Secure Pens	124.6	131.2	–	44000
Shield Bonel	131.1	137.9	–	46755
Shield Bonel Pens	137.8	145.0	–	46756

Skandia Life Assurance Co Ltd (z)

Swiss Life (UK) PLC

101 London Rd, Sevenoaks 0732 450161

CMI Insurance Co Ltd—Contd.

Eagle Star Intl Financial Services

James Campbell & Son Financial Services

38 Railway Rd, Coleraine Co. Londonderry 0265 44351

Chase de Vere PLC

63 Lincoln's Inn Fields, London WC2A 3JX 071-404 5766

ECU Futures Plc

Edinburgh Money Management Ltd

Hambros Fd Mgrs (CI) Ltd

PO Box 255, Guernsey 0481 715454

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)

OFFSHORE INSURANCES

MANAGEMENT SERVICES

FT MANAGED FUNDS SERVICE

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	Bid Price	Offer Price	Yield Gross	City-line
U.S. Treasury Securities Fund Ltd				
Short Term Shares	$7.32		-	45903
Fixed Income Shares	$879.36		-	45904
Yamaichi Capital Mangmt (Guernsey) Ltd				
Japan Meta Growth	$11.32		-	46000
Yamaichi ISS Fund	$8.33		-	46591
Yamaichi CB Pfo. Fund	$8.73		-	47335
Thai Inv Fund	$11.52		-	46493

IRELAND (SIB RECOGNISED)

Unit Name	Init Chrge	Canc. Price	Bid Price	Offer Price	Yield Gr's	City-line
GAM Fund Management Ltd (a)						
29 Kildare Street, Dublin						010 353 1760 630
GAM Universal US Dlr Acc	$-		113.53			40339
GAM Universal US Dlr Inc	$-		113.53			40340
GAM Universal DM Acc	DM-		118.90			40341
GAM Universal DM Inc	DM-		118.90			40342
MI Global Asset Mngmt Co Ltd "MI Trusts"						
MI Global Do	$-		0.99	1.06		43441

IRELAND (REGULATED)(**)

	Bid Price	Offer Price	Yield Gross	City-line
Bank of Ireland Unit Managers Ltd				
Global Scan	$10.01	10.31	-	43795
European Bond			-	45632

JERSEY (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

INVESCO MIM International (Jersey) Ltd
PO Box 271, St Helier, Jersey 0534 73114

Lloyds Bank (CI) U/T Mgrs.
PO Box 195, St Helier, Jersey
Dealing daily

Midland Bank Fund Managers (Jersey) Ltd
PO Box 26, St Helier, Jersey 0534 37788

For MIM see INVESCO MIM

Royal Trust Jsy Fd Mngt Ltd (1400)F
PO Box 428, St Helier, Jersey 0534 76077

TSB Trust Funds (CI)
PO Box 538, St Helier, Jersey 0534 73494

LUXEMBOURG (SIB RECOGNISED)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

LUXEMBOURG (REGULATED)(**)

MANAGED FUNDS NOTES

CURRENCIES, MONEY AND CAPITAL MARKETS

MONEY MARKETS

Peseta leads EMS

THE BUNDESBANK'S decision last week to leave German interest rates unchanged has further weakened the D-Mark and raises [illegible] possibility [illegible] co-ordinated loosening of monetary policy among those European Monetary System currencies with high interest rates.

UK clearing bank base lending rate 12.5 per cent from March 22, 1991

Spain, with the highest rates and strongest currency, may lead the way. A cautious ¼ point cut in Spanish rates, signalled through a cut in Treasury bill rates, is likely and would bring minor relief to Spanish exporters.

[illegible] economists [illegible] that [illegible] cut in rates by EMS members with weak [illegible] can not [illegible] place until [illegible] peseta's [illegible] interest rate differential has been narrowed. Once the Bank of Spain moves, the central banks of France and Italy may not be far behind.

It is the UK which stands to benefit most from [illegible] move. The Bank of England has successfully rebuilt the UK's image with domestic investors, who now believe that reductions in bank base rates will take place slowly. At the same time UK inflation is [illegible] fall sharply, thus maintaining sterling's real interest rate differential.

At the end of this week, the March UK retail price index is expected to fall to an annual rate of 8.2 [illegible] the previous month. This would provide [illegible] for a ½ point cut in base rates to 12 per cent, while at the same time allowing sterling [illegible] rise further inside the EMS grid.

But analysts also caution against assuming that [illegible] Bundesbank will not change [illegible] mind and raise German rates. The [illegible] German economy is severely depressed, inflation remains [illegible] in West Germany and the weakness of the mark is a major headache for the Bundesbank. Betting against a German rates increase could be expensive.

[illegible] NEW YORK

Apr 5	Close	Previous Close
£ Spot	1.7690-1.7697	1.7915-1.7925
1 month	0.90-0.87pm	0.90-0.88pm
3 months	2.55-2.52pm	2.59-2.56pm
12 months	7.30-7.20pm	7.30-7.20pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Apr 5	Previous
8.30 am	92.9	92.6
9.00 am	93.0	92.6
10.00 am	92.9	92.6
11.00 am	92.9	92.6
Noon	92.8	92.6
1.00 pm	92.9	92.6
2.00 pm	92.9	92.6
3.00 pm	93.0	92.7
4.00 pm	92.8	92.7

CURRENCY MOVEMENTS

Apr 5	Bank of England Index	Morgan** Guaranty Changes %
Sterling	92.8	-19.0
U.S Dollar	64.8	-14.1
Canadian Dollar	104.2	+1.6
Austrian Schilling	108.6	+11.1
Belgian Franc	110.4	-2.7
Danish Krone	108.5	+8.3
D-Mark	116.8	+23.5
Swiss Franc	113.2	+22.5
Dutch Guilder	113.3	+15.3
French Franc	102.7	-13.3
Lira	98.9	-19.7
Yen	135.2	+67.9

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100). **Rates are for Apr.4

CURRENCY RATES

Apr 5	Bank rate %	Special * Drawing Rights	European † Currency Unit
Sterling	–	0.767040	0.691828
U.S Dollar	6.00	1.35766	1.23471
Canadian $	9.81	1.56850	1.42695
Austrian Sch	7	16.0285	14.5016
Belgian Franc	10.50	46.9513	42.3720
Danish Krone	9½	8.75894	7.90705
D-Mark	6.50	2.27843	2.06072
Dutch Guilder	7.75	2.57412	2.32248
French Franc	10¼	7.79954	6.97547
Italian Lira	12½	N/A	1529.95
Japanese Yen	6	186.542	168.105
Norway Krone	8	8.88588	8.01941
Spanish Peseta	–	141.366	127.330
Swedish Krona	10.00	8.24778	7.45268
Swiss Franc	6.00	1.92856	1.73600
Greek Drach	19	N/A	223.667
Irish Punt	–	N/A	0.771084

† European Commission Calculations.
* All SDR rates are for Apr.4

OTHER CURRENCIES

Apr 5	£	$
Argentina	17350.9 - 17396.4	9715.00 - 9735.00
Australia	2.2800 - 2.2820	1.2760 - 1.2770
Brazil	437.925 - 438.780	245.200 - 245.900
Finland	7.0155 - 7.0395	3.9050 - 3.9100
Greece	320.350 - 325.500	179.480 - 182.350
Hong Kong	13.9590 - 13.9725	7.7940 - 7.7950
Iran	123.30	65.50
Korea(Sth)	1273.85 - 1294.45	722.40 - 728.20
Kuwait	N/A	N/A
Luxembourg	61.05 - 61.15	34.30 - 34.40
Malaysia	4.8750 - 4.8855	2.7425 - 2.7445
Mexico	5334.75 - 5355.35	2987.00 - 2997.00
N.Zealand	2.9965 - 3.0015	1.6835 - 1.6865
Saudi Ar	6.6665 - 6.7180	3.7490 - 3.7510
Singapore	3.1585 - 3.1635	1.7590 - 1.7620
S.Af (Cm)	4.8405 - 4.8535	2.6970 - 2.6990
S.Af (Fn)	5.8665 - 5.9645	3.3115 - 3.3585
Taiwan	48.80 - 48.90	27.40 - 27.45
U.A.E.	6.5270 - 6.5305	3.6720 - 3.6740

* Selling rate

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Close	High	Low	Prev.
Jun	[illegible]	[illegible]	[illegible]	95-02
Sep	95-15	95-27	95-06	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]
Jun	-	-	-	93-00
Sep	-	-	-	92-10

JAPANESE YEN (IMM) Y12.5m $ per Y100

	Close	High	Low	Prev.
Jun	0.7312	0.7358	0.7280	0.7334
Sep	0.7295	0.7340	0.7260	0.7318
Dec	0.7289	0.7325	0.7258	0.7315
Mar	[illegible]	0.7325	0.7290	[illegible]

POUND SPOT - FORWARD AGAINST THE POUND

Apr 5	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.7755 - 1.8005	1.7780 - 1.7790	0.91-0.89cpm	6.07	2.56-2.53pm	5.72
Canada	2.0515 - 2.0745	2.0515 - 2.0525	0.49-0.40cpm	2.60	1.33-1.20pm	2.47
Netherlands	3.3475 - 3.3600	3.3475 - 3.3575	¾-¼cpm	2.91	2¾-2¼pm	2.68
Belgium	61.00 - 61.35	61.05 - 61.15	17-13cpm	2.95	43-36pm	2.59
Denmark	11.3900 - 11.4500	11.4125 - 11.4225	2½-2¼orepm	2.43	6¼-5¾pm	2.06
Ireland	1.1120 - 1.1245	1.1145 - 1.1155	0.20-0.15cpm	1.88	0.50-0.40pm	1.61
Germany	2.9725 - 2.9825	2.9750 - 2.9800	¾-¼pfpm	3.27	2¼-1¾pm	2.69
Portugal	259.35 - 260.95	259.65 - 260.65	5-13cdis	-0.42	26-74dis	-0.77
Spain	183.20 - 184.30	183.65 - 183.95	20-25cdis	-1.47	55-25dis	-0.87
Italy	2206.60 - 2217.90	2210.25 - 2211.25	2lirepm-par	0.54	4-1pm	0.45
Norway	11.5615 - 11.6235	11.5825 - 11.5925	1¾-1½orepm	1.75	4¾-3¾pm	1.42
France	10.0645 - 10.1030	10.0700 - 10.0800	2¼-2cpm	2.53	6½-6¼pm	2.51
Sweden	10.7450 - 10.8005	10.7450 - 10.7550	¼orepm-par	0.14	½-1dis	-0.28
Japan	242.00 - 243.70	242.00 - 243.00	¾-¼ypm	4.02	2¾-2½pm	4.12
Austria	20.89 - 20.97	20.91 - 20.94	5¾-4¾gropm	3.05	15¾-13¾pm	2.81
Switzerland	2.5040 - 2.5180	2.5050 - 2.5150	1-¾cpm	4.18	2¾-2½pm	3.49
Ecu	1.4410 - 1.4485	1.4455 - 1.4465	0.40-0.34cpm	3.07	0.96-0.89pm	2.56

Commercial rates taken towards the end of London trading. Six-month forward dollar 4.55-4.50cpm. 12 Month 7.33-7.23pm

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Apr 5	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.7755 - 1.8005	1.7780 - [illegible]	0.91-0.89cpm	6.07	2.56-2.53pm	5.72
Ireland†	1.5950 - 1.6110	1.5950 - [illegible]	0.54-0.49cpm	3.87	1.60-1.50pm	3.89
Canada	[illegible] - 1.1560	1.1540 - 1.1550	0.32-0.35cdis	-3.48	0.93-0.98dis	-3.31
Netherlands	[illegible]	1.8850 - 1.8860	0.46-0.49cdis	-3.02	1.41-1.46dis	-3.04
Belgium	[illegible]	34.30 - 34.40	9.00-11.00cdis	-3.49	24.00-30.00dis	-3.14
Denmark	[illegible]	6.4175 - [illegible]	1.82-2.12oredis	-3.68	5.60-6.20dis	-3.68
Germany	1.6535 - 1.6830	[illegible]	0.38-0.40pfdis	-2.80	1.22-1.25dis	-2.95
Portugal	145.75 - 146.70	[illegible]	70-80cdis	-6.14	225-250dis	-6.48
Spain	102.20 - [illegible]	[illegible]	62-66cdis	-7.43	176-185dis	-6.99
Italy	1229.00 - 1243.00	[illegible]	5.30-5.80liredis	-5.36	16.00-17.00dis	-5.31
Norway	6.4450 - [illegible]	[illegible] - 6.5175	2.20-2.55oredis	-4.37	6.65-7.15dis	-4.24
[illegible]	5.6000 - [illegible]	[illegible]	1.54-1.59cdis	-3.32	4.38-4.48dis	-3.13
Sweden	[illegible]	[illegible]	3.00-3.20oredis	-6.15	8.95-9.40dis	-6.07
Japan	[illegible]	[illegible]	0.20-0.22ydis	-1.85	0.51-0.54dis	-1.54
Austria	11.7160 - [illegible]	11.7375 - 11.7425	2.60-3.05grodis	-2.89	8.00-9.20dis	-2.93
Switzerland	1.3930 - [illegible]	1.4115 - 1.4125	0.26-0.29cdis	-2.34	0.74-0.79dis	-2.17
Ecu	1.2290 - 1.2450	1.2295 - 1.2305	0.35-0.32cpm	3.27	1.01-0.95pm	3.19

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EXCHANGE CROSS RATES

	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	[illegible]	B Fr.	ECU
£	1	1.779	2.978	242.5	10.08	2.510	3.353	2211	2.052	61.10	1.446
$	[illegible]	1	[illegible]	[illegible]	[illegible]	1.411	[illegible]	[illegible]	[illegible]	34.35	[illegible]
DM	[illegible]	0.597	1	[illegible]	[illegible]	[illegible]	1.126	742.4	0.689	[illegible]	[illegible]
[illegible]	4.124	[illegible]	[illegible]	[illegible]	41.57	10.35	[illegible]	[illegible]	[illegible]	[illegible]	5.963
F Fr.	[illegible]	[illegible]	[illegible]	[illegible]	10.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
S Fr.	[illegible]	[illegible]	[illegible]	96.61	4.016	1	[illegible]	880.9	[illegible]	[illegible]	0.576
H Fl.	0.298	[illegible]	[illegible]	72.32	[illegible]	[illegible]	1	[illegible]	0.612	18.22	0.431
Lira	0.452	0.805	1.347	109.7	4.559	1.135	1.517	1000.	0.928	27.63	0.654
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1.634	1077	1	29.78	[illegible]
B Fr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	100.	[illegible]
ECU	[illegible]	[illegible]	[illegible]	167.7	[illegible]	[illegible]	[illegible]	1529	1.419	[illegible]	1

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

EURO-CURRENCY INTEREST RATES

[illegible]

FT LONDON INTERBANK FIXING

[illegible]

MONEY RATES

NEW YORK Treasury Bills and Bonds

[illegible]

LONDON MONEY RATES

[illegible]

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County [illegible] in conjunction with the Institute of Actuaries and the Faculty of Actuaries

[illegible]

LONDON RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

[illegible]

BANK OF ENGLAND TREASURY BILL TENDER

[illegible]

WEEKLY CHANGE IN WORLD INTEREST RATES

[illegible]					
3 Mth. Treasury Bill	11½	[illegible]	Three month	9.100	+0.075
1 Mth. Bank Bills	12⅛	[illegible]	PARIS		
[illegible] Bank Bills	11⅝	[illegible]	Intervention Rate	9¼	Unch'd
TOKYO			One mth. Interbank	9⅜	Unch'd
One month Bills	8⅛	[illegible]	Three month	9¼	[illegible]
Three month Bills	7⅞	[illegible]	MILAN		
BRUSSELS			One month	12⅛	[illegible]
One month	9⅛	[illegible]	Three month	12¼	[illegible]
Three month	9⅛	[illegible]	DUBLIN		
AMSTERDAM					
One month	9.125	-0.0625	One month	10½	[illegible]
Three month	9.175	-0.300	Three month	10⅞	[illegible]

FINANCIAL TIMES STOCK INDICES

	Apr 5	Apr 4	Apr 3	Apr 2	Mar 28	Mar 27	1991 High	1991 Low	Since Compilation High	Since Compilation Low
Government Secs.	85.55	85.65	85.35	85.09	85.03	84.80	85.88	82.17	127.4	[illegible]
Fixed Interest	94.84	94.77	94.70	94.60	94.53	94.45	94.84	90.59	105.4	50.53
Ordinary	2014.5	2007.2	2014.2	1985.9	1953.9	1965.9	2014.5	1606.3	2014.5	49.4
Gold Mines	137.8	138.5	137.4	138.2	138.4	139.0	[illegible]	127.0	734.7	[illegible]
FT-Act All Share	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FT-SE 100	2545.3	2524.5	[illegible]	[illegible]	2456.5	[illegible]	[illegible]	2054.8	[illegible]	[illegible]
FT-SE Eurotrack 100	1119.54	[illegible]	1116.86	1100.61	[illegible]	1090.17	1119.54	[illegible]	1119.54	[illegible]
FT-SE Eurotrack 200	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	938.62

LONDON SHARE SERVICE

BRITISH FUNDS

[illegible]

BRITISH FUNDS—Contd

Index-Linked

[illegible]

INT. BANK AND O'SEAS

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Building Societies

[illegible]

Public Board and Ind.

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

AMERICANS—Contd

[illegible]

CANADIANS

[illegible]

Continued on next page

MONEY MARKET FUNDS

Money Market Trust Funds

[illegible]

Money Market Bank Accounts

[illegible]

Wimbledon & South West Finance PLC
114 Newgate St, London EC1 7AE 071-606 9485

[illegible] Gross: Contractual rate of interest payable, not taking account of the deduction of basic rate income tax. Net: Rate of interest payable after allowing for deduction of basic rate income tax. Gross CAR: Gross rate annualised to take account of compounding of interest paid other than once a year. 'Compounded Annual Rate'. Int Cr: Frequency at which interest is credited to the account.

LONDON SHARE SERVICE

• For Latest Share Prices on any telephone ring direct 0836 43 + four digit code (listed below). Calls charged at [illegible] per minute peak and 34p off peak, inc VAT

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS – Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS – Contd

[illegible]

ELECTRICITY

[illegible]

ENGINEERING

[illegible]

ENGINEERING – Contd

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.) – Contd

[illegible]

INDUSTRIALS (Miscel.) – Contd.

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

LONDON SHARE SERVICE

● For Latest Share Prices on any telephone ring direct-0836 43 + four digit code (listed below). Calls charged at 45p per minute peak and 34p off peak, inc VAT

MOTORS, AIRCRAFT TRADES

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Contd

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRANSPORT

[illegible]

INVESTMENT TRUST

[illegible]

INVESTMENT TRUST—Contd

[illegible]

INVESTMENT TRUST—Contd

[illegible]

Net asset values supplied by County NatWest Wood Mackenzie

FINANCE, LAND, ETC

[illegible]

WATER

[illegible]

OIL AND GAS

[illegible]

For Barrack Energy see Arrow Petroleum

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES—Contd

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha refers to shares traded through SEAQ by at least two marketmakers and with a normal market size of 2,000 or more, based on experience of how many of its shares are traded in the typical deal. β Beta refers to all other shares. γ Gamma refers to other traded instruments.

Unless otherwise indicated, prices are in pence and denominations are 25p. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

● "Tap Stock"
‡ Interim since reduced, passed or deferred
‡‡ Tax-free to non-residents on application
♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
‡‡ Not officially listed.
# Price at time of suspension
‡ Not comparable
‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
★ Cover does not allow for shares which may also rank for dividend at a future date.
‖ No par value

B.Fr. Belgian Francs. Fr. French Francs §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. c Cents. e Redemption yield. f Flat yield. k Kenya. C Canadian. E Minimum tender price.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights, xa ex all; xt ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Craig & Rose £1..	658	......
Finlay Pkg. 5p....	31	......
Holt (Jos) 25p....	1604	-0 4

IRISH

Cap. 8½% Ln. 1991	£99⅝	......
9pc Cap Ln. 1996	£97¼	0 1
Fin. 13% 97/02	£114⅛	-0.2
Arnotts	175	......
Carrol (P.J.)	154	......
Helton Hldgs.	[illegible]	[illegible]
IRG	155	-3.1
United Drug	170	......

TRADITIONAL OPTIONS

3-month call rates

Industrials	p
Allied-Lyons	46
Amstrad	7
Astec (BSR)	6
BAT	60
BOC Grp	31
BTR	33
Barclays	38
Blue Circle	24
Boots	38
Bowaters	53
Brit Aerospace	56
British Steel	12
Brit. Telecom	29
Cadburys	33
Charter Cons	45
Comm Union	44
Courtaulds	52
Eurotunnel	50
FKI	6
FNFC	20
Gen Accident	48
GEC	17
Glaxo	80
Grand Met.	62
Guardian	19
GKN	31
Hanson	19
Hawker Sidd.	39
ICI	88
Ladbroke	22
Legal & Gen.	36
Lex Service	28
Lloyds Bank	38
Lucas Inds.	13
Marks & Spencer	21
Midland Bk	18
Nat West Bk	27
P & O Dfd	51
Racal Elect.	18
RHM	28
Rank Org Ord.	63
Ratners	17
Reed Intnl	36
Sears	8½
SmKl Beecham A.	58
TI	45
TSB	12
Tesco	21
Thorn EMI	64
Trust Houses	23
T&N	15
Unilever	60
Vickers	19
Wellcome	48

Property	
Brit Land	38
Control Secs.	3
Land Securities	45
MEPC	48
Mountleigh	8½

Oils	
Aviva Petlm.	3
Brit Petroleum	28
Burmah Castrol	49
Conroy Petlm	18
Gaelic Res.	1
Premier	6
Shell	41
Tuskar Res	2
Ultramar	30

Mines	
Lonrho	21
RTZ	48

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1,150 a year for each security shown, subject to the Editor's discretion.

FT Share Service

The following change has been made to the FT Share Information Service:
Deletion: Atlantis Resources (Section: *Oils & Gas*)

4:00 pm prices April 5

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1991 High	1991 Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
16⅞	9¼	AAR Corp	0.48	0.03	13	289	14⅝	14¼	14⅜	
27⅞	21⅝	A L Labs A	0.24	0.01	33	277	u28¼	27⅞	28¼	+⅜
54¼	40⅞	AMP Inc	1.44	0.03	19	3543	53	50⅞	51½	-1⅜
63	44¼	AMR			9	15928	59¼	56½	58⅛	-⅛
2⅝	1⅛	ARX			3	201	u2⅝	2½	2⅝	+⅛
48¾	41½	ASA	3.00	0.06	13	447	46½	45¾	46	-⅜
60⅞	39¾	Abbott Lab	1.00	0.02	22	5259	u50¾	49¼	49⅞	+⅛
13½	9⅞	Abitibi Pr	0.50	0.04	19	13	13⅜	13⅜	13⅜	
11¼	10⅜	ACM Gvt In				750	u11⅜	11⅛	11⅛	
9⅜	8¾	ACM GvOpp				283	9¼	9	9⅛	+⅛
9	8¼	ACM Gv Sp x	1.01	0.11		456	u9	8⅞	8⅞	
10¾	9⅞	ACM Gv Sc x				527	u10⅝	10⅜	10⅝	
8¼	7⅞	ACM Man				547	8⅛	8	8⅛	+⅛
12⅝	11⅞	ACM Managd				221	12½	12⅜	12½	+⅛
7⅛	4⅞	Acme Cleve	0.40	0.06	17	92	6⅞	6⅛	6⅞	-⅛
6	4⅝	Acme Elect			16	61	4⅞	d4¼	4⅞	
40	22¾	Acuson			29	366	39⅝	38⅜	38⅝	-⅛
17⅛	14¼	Adams Expr	0.48	0.03	0	53	16¾	16½	16½	-⅛
20	18⅞	Adobe12Pf	2.40	0.12		10	u20	19¾	19¾	-⅛
9¼	7	Adobe Res			19	271	7⅜	7⅜	7⅜	
31½	18	Ad Micro				164	31¼	30¾	30⅞	+½
11⅝	4⅝	Ad Micro P	3.00	0.26	22	1066	u11⅝	11¼	11⅜	+¼
4⅝	2¼	Advest Grp			3	164	4¼	4	4⅛	-⅛
48⅞	33⅞	Aetna Lf	2.76	0.06	7	2232	48½	47⅜	47⅜	-¾
10⅝	5⅝	Afill A	0.24	0.02	27	311	9¾	9⅝	9⅝	
18⅛	12	Ahmanson	0.88	0.05	9	1791	18⅜	17⅞	17⅞	-½
5⅛	2⅞	Aileen Inc			9	1012	u5⅜	5½	5⅜	+¼
69⅞	51⅜	Air Pr Ch x			16	422	u70⅜	67⅞	68	-1⅝
25	16⅝	Airbne Frt	0.30	0.01	12	457	21⅞	21	21¼	-⅛

[illegible]

NYSE COMPOSITE PRICES

Continued from previous page

1991 High	1991 Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
18⅜	11⅜	Quanex	0.48	0.03	7	339	15⅞	15⅝	15⅝	
19⅝	11⅛	Quantum Ch			18	1584	15¼	14⅞	14⅞	-⅛
14⅞	10½	QuestVal D	0.40	0.03		109	14⅛	14	14⅛	+⅛
13⅞	12⅝	QuestVal P				147	13½	13⅜	13½	
38⅝	33¼	Questar	1.96	0.05	12	43	36⅞	36½	36⅝	+⅛
20½	10	Quick R'ly	0.28	0.01	16	482	u20⅝	20	20	-⅛

1991 High	1991 Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
44⅛	32⅛	Stanhome	0.92	0.02	17	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
36⅝	28⅛	StanleyWk	1.20	0.03	13	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
24⅝	20⅛	Starrett	0.68	0.03	9	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
10¼	9⅞	State Mutl	0.96	0.10		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3⅝	2½	Steego Crp				52	[illegible]	[illegible]	[illegible]	[illegible]
51⅝	43	StlgSf7.20				[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8⅞	6⅞	SterlgBcrp	0.22	0.03	7	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7⅞	4⅝	SterlgChem	0.30	0.05	5	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
14½	7⅞	SterlgSwre			15	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5½	3⅞	Stifel Fin			82	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
36¼	28⅝	Stone&Web x	0.80	0.02	64	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
18⅞	9	Stone Cont	0.72	0.05	92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5⅝	3½	Stoneridge			6	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8¼	6⅝	Storage Eq	0.80	0.10	6	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
36¼	17¼	Storage Te				[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
33⅛	20½	Stratus				[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
40⅞	28⅞	Strideritte	0.48	0.01	20	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
25⅞	20⅛	Sturm Rger	1.20	0.05	8	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
9⅝	5⅞	Suave Shoe	0.30	0.04	13	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
9⅝	7⅞	Sun Dis A x	1.10	0.12	4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4⅛	2½	Sun Dis B x	1.32	0.36		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

- R - R -

1991 High	1991 Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
11¾	10⅝	RAC Inom	1.26	0.11		207	11⅝	11⅝	11⅝	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

- S - S -

1991 High	1991 Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

- T - T -

1991 High	1991 Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

- U - U -

1991 High	1991 Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

- V - V -

1991 High	1991 Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

- W - W -

1991 High	1991 Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

- X - Y - Z -

1991 High	1991 Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Price data supplied by Telekurs.

[illegible]

AMEX COMPOSITE PRICES

4:00 pm prices April 5

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

NASDAQ NATIONAL MARKET

4:00 pm prices April 5

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Withington	0.80	19	2086	u25	24⅝	24⅞	+⅛
WPP Group	1.11	2	3242	u7⅝	6⅞	7	-½
Wyman-Gdn	0.40	16	102	8⅛	7⅞	8	+⅛

- X - Y - Z -

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
Xilinx		48	1780	23¼	22¼	22⅞	-½
XL Data		9	194	6¼	6	6⅛	+⅛
Xoma Corp		15	3435	27¼	26⅛	26¾	
YankeeEnS	1.52	17	208	u23¾	22	23	
Yellow Fr	0.94	13	550	30¾	29¾	30⅛	-½
York Rsch		22	2535	u22½	20	20⅞	-1¼
ZionUtah x	1.44	9	170	u38⅝	37⅞	38	+⅛

MONDAY INTERVIEW

Returning his country to the fold

Patricio Aylwin, president of Chile, talks to Lesley Crawford

'Justice must be reconciled with prudence'

For President Patricio Aylwin Azócar of Chile, this week marks something of a homecoming – in more than one sense.

On Wednesday he arrives in the UK for a state visit at the start of a European tour, a trip that (along with an earlier visit to Washington) sets the seal on Chile's return to the fold of democratic nations.

Besides lunching with the Queen and dining with Mr John Major, the prime minister, Mr Aylwin will also be seeking his own roots at the home of his ancestors in Sussex. His great-great-grandparents emigrated to Chile in 1835, their origins and language forgotten long ago; but the family name survives in a small Hertfordshire food business called G Aylwin & Sons.

Today the name Aylwin is more readily associated with Chile's transition to civilian rule over the past year. He was elected president after General Augusto Pinochet, the military dictator, paved the way for a contested election in which his own candidate resoundingly lost. By common consent the veteran politician has played a skilful hand in presiding over one of the more remarkable political events in modern Latin American history.

He will need all his quiet eloquence to persuade his hosts that the recent upsurge of terrorism in Chile against Pinochet supporters is not going to disrupt the delicate process of healing a profoundly divided society. Not that Mr Aylwin seems especially daunted by the recent violence, in which leftist guerrillas last Monday murdered Senator Jaime Guzman, a right-wing leader and supporter of the former military regime. "To cancel the tour would imply giving in to terrorist blackmail," Mr Aylwin said last week.

The assassination followed publication of a report on human rights abuses under the Pinochet regime commissioned personally by Mr Aylwin when he took office last March – a report bluntly rejected by Gen Pinochet. Ironically, Senator Guzman himself had prophesied that the report would open old wounds and spur the extreme left to take justice into its own hands.

President Aylwin is very definite in pinning blame on the extreme left, which has also recently killed a police inspector and a military doctor. Talking just before Senator Guzman's assassination, the president said he did not believe that the hard core of guerrillas who refused to abandon arms after the restoration of democracy last year would exploit the human rights report to take revenge.

"The extreme left have known who their persecutors were for a long time. Why would they strike now, when the whole of society recognises that they were the victims of the military repression?"

The guerrillas have overturned Mr Aylwin's delicate political equation. The erstwhile victims are now perceived as the main threat to democracy. And the military, whose support for civilian rule is lukewarm, are being asked to join the anti-terrorist fight.

Handling Chile's bitter human rights legacy has been the toughest challenge of Mr Aylwin's career. The path he chose required the forgiveness of the victims and repentance by the former military rulers.

But his vision of reconciliation began to unravel with Gen Pinochet's categorical rejection of the human rights report. The general, who retained the army command after stepping down from power last month, refused to apologise for crimes committed under his rule and denied that the report had any historical or legal validity.

"The army's reply was crude and insensitive," Mr Aylwin says. "The military were fighting to salvage their prestige. But I think they would have won back more respect if they had shown some humility."

He believes the military have missed an opportunity to make peace with society. Had there been a sign of contrition, it would have been easier for Mr Aylwin to justify the decision not to pursue human rights trials against the authors of the repression. The families of the 1,600 *desparacidos* – the people who went "missing" during the Pinochet years – believe justice has been sacrificed to political expediency.

But Mr Aylwin draws on the failure of other Latin American countries to heal their human rights wounds to argue that "the virtue of justice must be reconciled with the virtue of prudence". It is not easy for him to admit that justice has been a casualty of Chile's negotiated political transition. A lawyer by profession, and the son of a president of the Supreme Court, he feels the failure of the judicial system to protect human rights almost as a personal injury. "People do not believe in the courts any longer. It is a waste of time, the procedures are too slow, there are not enough resources. There is a general belief in the country that justice is lame."

Mr Aylwin hopes to have overhauled the judicial system by the time he leaves office in 1994. One project in the government's drawer is to dilute the power of Gen Pinochet's appointees to the Supreme Court by expanding the number of justices from 17 to more than 30. But in order to avoid charges of political manipulation, he must first forge an agreement with the right-wing opposition parties in Congress.

It is a task Mr Aylwin handles with great skill. He would not have survived 46 years in politics and been elected seven times leader of the Christian Democratic party (also known as the "Cosa Nostra" in Chile), had he not been a shrewd negotiator.

In addition, Mr Aylwin's image as a benign, grandfatherly figure has served him well in a country still nervous of extremes. Like De Gaulle, he has projected himself as a president above the fray of partisan politics. The fact that he is barred by the constitution from standing for re-election has also helped him.

A year into his government, Mr Aylwin has not only held together an unorthodox ruling coalition of Socialists, Radicals, Greens and Christian Democrats. He has also co-opted the right-wing opposition into approving legislation that is chipping away at the authoritarian shackles bequeathed by the military regime.

The Communist party has been legalised, press freedom restored, the draconian restrictions on trade union activity lifted, the power of military courts curbed. The president will shortly have the authority to pardon political prisoners.

This he has achieved with the goodwill of all Chile's ruling and opposition parties. Gen Pinochet he has had to deal with alone. The 72-year-old president and the 75-year-old former dictator work within spitting distance of each other in central Santiago. Watching these two veteran heavyweights wrestle for power has become the nation's favourite spectator sport.

Every month, Chileans tot up the points. President Aylwin came out on top last April, when he launched his human rights initiative despite Gen Pinochet's vociferous opposition, and in October, when he vetoed the promotion of two army generals. Gen Pinochet's orchestrated army protest before Christmas was regarded as a blow beneath the belt.

The return to civilian rule has been cemented by the new government's acceptance of the dictatorship's economic model. Chile's open, export-oriented economy is the only positive legacy Mr Aylwin acknowledges of the former regime. He thinks that the economic transformation could have been undertaken in a democracy, although the sacrifices are more easily imposed under authoritarian rule.

From 1984, Chile has sustained seven years of consecutive economic growth and a dramatic increase in exports, and has laid its foreign debt problems to rest. But to do so an austerity programme had first to be implemented that caused high unemployment in the early 1980s.

"Eastern Europe and Latin American countries are trying to achieve this economic transformation in democracy," says Mr Aylwin, "and we must hope for their success."

The president, however, is concerned that Chile's newfound wealth has not reached almost a third of the population. He says the fight against poverty which engulfs 5m Chileans is not progressing fast enough. Uppermost in his mind is the fear that unemployed and disillusioned youth could provide a fertile ground for leftist guerrilla groups.

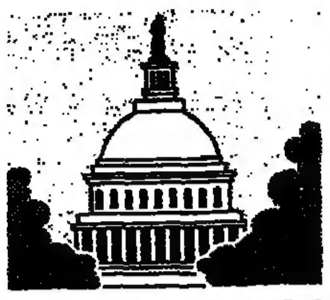
Mr Aylwin asked for patience last year as his economic team tightened the reins to control inflation. Now that it has been curbed, from an annual peak of 30 per cent last October to about 23 per cent now, the government is channelling more resources into social projects – housing, health, pensions and family benefits.

Some of these projects are being financed with European aid – a source of funding denied to Gen Pinochet's dictatorship. So too, foreign travel was denied to a man regarded by most European governments as a pariah. President Aylwin's five-nation tour of Europe turns the wheel full circle.

PERSONAL FILE

1918 Born November 26 in Viña del Mar, Chile.
1945 Joins the National Falange.
1958 Elected leader of Christian Democratic party.
1965 Elected Senator.
1971-1972 President of the Senate.
Dec 1989 Elected president.
March 1990 Assumes office.

Amateurs at the co-ordination of policy



MICHAEL PROWSE
on America

Black limousines, expensive hotels, triumphant communiques: meetings to co-ordinate economic policy have an undeniable glamour. But has the renaissance of economic co-operation since the mid-1980s, when the Reagan administration belatedly recognised the dangers of the high dollar, made any difference?

It is hard to avoid scepticism. At the 1985 Plaza hotel meeting in New York, finance ministers agreed to co-operate in tackling economic imbalances and reducing currency instability. It seemed an historic turning point. Six years later, the achievements are questionable.

Outside the European Monetary System, exchange rates remain highly unstable: the dollar has risen 17 per cent against the D-Mark since early February, a rate of appreciation that cannot be justified by economic fundamentals. The US is still running an unsustainably large fiscal deficit. Most recent policy decisions, such as the Bundesbank's raising and the Federal Reserve's cutting of interest rates, seem motivated solely by domestic considerations.

Worse, the leading countries seem incapable of tackling new problems. Reconstruction in eastern Europe, the Soviet Union and the Middle East will require gigantic capital investment. Yet rich countries, having sucked resources out of the Third World for a decade, are unwilling to boost their national savings rates and hence the long-run supply of capital.

What has gone wrong? One problem, identified by Ms Wendy Dobson in a pamphlet* for the Institute for International Economics, is that the industrial countries have failed to create the institutional infrastructure necessary for effective co-operation. Finance ministers and central bankers from the seven leading industrial countries – the US, Japan, Germany, France, Italy, the UK and Canada – meet regularly to discuss mutual problems. But the G-7 lacks the organisational skills of the average Girl Guide troop.

Ms Dobson, a former Canadian G-7 "deputy", acknowledges that participants prize the informality and frankness of meetings. But the lack of structure is debilitating. There is no chairman to push through an agenda. There is no secretariat, which virtually rules out a systematic analysis of issues. Amazingly, there is not even a record of meetings – a serious handicap given the rapid turnover of participants: only three of the 17 top officials at the Plaza meeting are still in office (David Mulford from the US Treasury, Karl Otto Pöhl from the Bundesbank and Robin Leigh Pemberton of the Bank of England).

These shortcomings are exacerbated because few of the senior civil servants (deputies), who do most of the real work, have direct responsibility for domestic economic or fiscal affairs. They are thus often unable to influence, let alone deliver, results in areas crucial for effective international co-ordination – such as taxation, government spending and structural reforms.

Another gripe is that the International Monetary Fund, supposedly the guardian of the world monetary system, is little more than a glorified stage hand. The IMF's managing director is wheeled in for ministerial meetings, but dismissed at the point when conversation turns to the "confidential" issue of foreign exchange market intervention. This is absurd given the IMF's technical expertise, not to mention its obligation to engage in surveillance of member countries' exchange rate policies.

A second, perhaps deeper, obstacle to effective economic co-operation is a lack of clarity about goals. Mr Nicholas Brady, the US Treasury Secretary, still occasionally talks as though America can happily ignore the rest of the world (as when he urged US interest rate cuts just as the dollar hit a post-war low against the D-Mark). But in their saner moments, all the leading policymakers accept the need to co-operate: in an economically interdependent world, nations cannot even pursue their own self-interest efficiently unless they take the trouble to understand the goals and concerns of their partners. But what should co-operation aim to achieve?

There are two schools of thought. One regards exchange rate instability as the scourge of modern economic life: co-operation should thus aim, if not to re-create Bretton Woods, at least to re-establish order in currency markets. This camp, led by the French and backed by Britain during Mr Nigel Lawson's chancellorship, supported experimentation with unofficial "reference ranges" for the main currencies. It regards fixed, or semi-fixed, exchange rates as the best framework for fostering long-run growth and prosperity.

The other view is that co-operation should restrict itself to the broad goal of encouraging steady non-inflationary growth. Exchange rate volatility is seen as a symptom of deeper disorders, such as foolish fiscal or monetary policies. Get the underlying policies right, the theory goes, and exchange rates will stabilise of their own accord. At the world level, there is no need to create elaborate structures such as the EMS; indeed they could not work for long.

At the moment, the second school appears to have the upper hand. There is no stomach for grand reforms of international money. People are talking of a tri-polar world in which the three major currencies – the dollar, yen and D-Mark – float fairly freely against each other; stability is restricted to regional blocks such as the EMS. But even this restricted vision of a new world economic order requires more effective co-operation, for example on action to raise savings rates. The G-7 process is akin to motoring in the days of red flags and goggles. Reform and modernisation should be a priority.

**Economic Policy Co-ordination: Requiem or Prologue? 11 Dupont Circle, NW Washington DC.*

Fairy-tale cloaks a nightmare

IAN DAVIDSON
on Europe

Last week we learned that a Mr René Bousquet, 81, was being charged with crimes against humanity committed nearly 50 years ago. During the Second World War, Mr Bousquet was a prominent servant of the Vichy regime, and in 1942-43 he was top official at the interior ministry. He is now being charged with his part in rounding up thousands of French Jews for deportation to concentration camps in Germany; and, in particular, for having voluntarily sent some 8,000 Jewish children for deportation, who could have been exempted on grounds of their age.

In fact, Mr Bousquet has already been tried once in 1949 and condemned, but immediately pardoned by the government of the day, in recognition of his allegedly meritorious contribution to the cause of the resistance. A second trial is possible, because the charge is new, and the offence of "crimes against humanity" is not subject to the usual 20-year statute of limitations.

Mr Bousquet is not a solitary case. He joins two other elderly Frenchman, both of whom are facing similar charges dating back to crimes committed during the second world war: Mr Paul Touvier, 75, who was chief of the pro-Nazi militia in Lyon under the Vichy regime, and Mr Maurice Papon, 80, who was deputy-prefect in the Gironde.

Such a sudden rash of trials of French war-time collaborators is a puzzling phenomenon, crying out for explanation. There are, of course, proximate explanations which are easy and pedestrian, but they are not very illuminating. The case against Mr Bousquet, for example, is being brought as a result of the efforts of the Association of Sons and Daughters of Jews Deported from France, which is headed by the prominent Nazi-hunter Serge Klarsfeld. Since Nazi-hunters are notoriously tenacious, sooner or later Mr Klarsfeld could have expected to catch his prey.

The frequent rationale for the long delay in bringing Mr Touvier to trial, is that he was for many years in hiding; but that story does not fit Mr Papon, who held prominent public positions throughout the post-war period, most notably as chief of the Paris police and minister of the budget.

So we are left with the puzzle: why so many cases, and why now all at once? What is it, after so many years, that has finally caused these ancient crimes to be jerked into the French judicial arena?

Now these crimes are essentially political; so the chances are that an explanation will lie with factors which are also political, or politico-social. The word "political" here does not imply any denial of the crimes themselves. It is merely intended to underline the fact that the crimes in question are inseparable from a political context of mass collaboration by the then French state, and were committed by officials as servants of that state. Consequently, the trial of the crimes must also be vibrant with political significance.

The war-time period, stretching from the ignominious collapse of the French army, through the years of Vichy collaboration, to the bloody purges after the liberation, was a nightmare which continued to haunt the French for many years after. In fact, the French are still haunted by this and by other black episodes in their recent history, notably their colonial wars in Indo-China and Algeria. The trials of Bousquet, Touvier and Papon did not take place earlier because the French body politic was not ready to face a judicial airing of what had gone on. (The trial of Klaus Barbie, a former Gestapo officer in Lyon, took place in 1987; but he was a German.)

The collaborationist nightmare is particularly painful, because it is embedded in the long, troubled context of conflict between France and Germany, marked by death, suffering and defeat. If the crimes are now coming to court, it is partly because the events themselves are no longer so painfully present; but it is partly because that relationship is in the process of being transformed. This may seem fanciful; but it is even harder to believe that there is no connection between the three trials for collaborationist crimes, and the fact that France and Germany (and their 10 Community partners) are in the process of negotiating treaties on economic and monetary union and political union.

The standard fairy-tale about the past 10 years of the Franco-German relationship, is that it is a beautiful and heart-warming story of reconciliation between two long-time enemies. Well, this bed-time story is partly true, partly wishful thinking; but it isn't the whole story, not by a long chalk.

The most constant feature of French foreign policy since the war, under every government, has been an obsessive relationship with Germany, in which rivalry and partnership have gone hand in hand. De Gaulle used the partnership to block the Community, Mitterrand is using it to promote the Community; but the common thread is the objective of French political dominance.

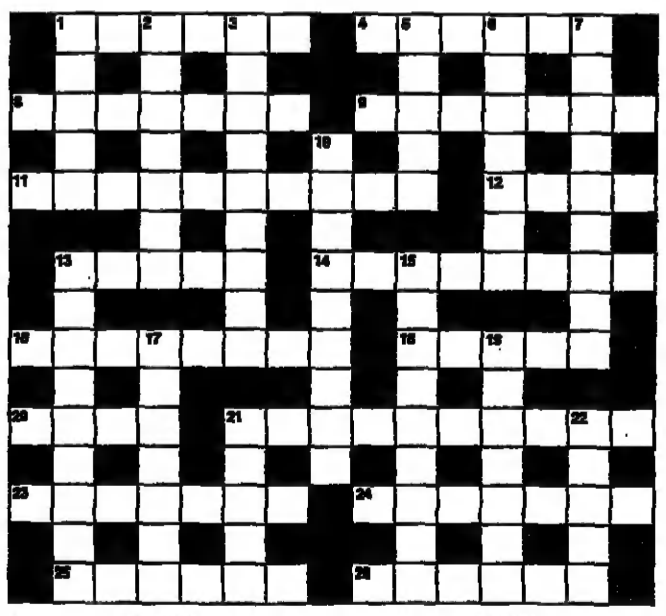
President François Mitterrand proved himself the master of this strategy at home, when he formed an alliance with the Communists in order to stifle them; his larger purpose in Europe is containment of Germany. In his campaign for rapid economic and monetary union, the insistent sub-text is that the French economy is, or can be made, as strong as Germany's. This objective is a logical pre-condition for Emu; but it is the insistence of the rhetoric which is the give-away.

The latest French gloss on the Franco-German fairy story is that Mr Mitterrand serenely did his best to help the unification of Germany. This is pure fiction. Mr Mitterrand was manifestly appalled by the prospect, and would have delayed or prevented it if he could. In that sense, the nightmare is still not fully exorcised, especially for those who have lived through two world wars.

JOTTER PAD

CROSSWORD

No.7,512 Set by QUARK



ACROSS

1, 4 report of accurate hit? (4,2,6)
8 The playwright completely absorbing one is an artist (7)
9 Ham-handed driver? (4,3)
11 Competitor is steady, gathering title heartlessly (10)
12 A speech often includes a reflection (4)
13 Top mark for the brightest star (5)
14 Coming up to a certain joint (4-4)
16 A page cut in front of book is conspicuous (8)
18 Carries children around beginning of evening (5)
20 Good sort (4)
21 With lofty principles, concerned about climbing? (4-6)
23 Docks part of the capital (4,3)
24 Bend down in a poor place, showing formality (7)
25, 26 Attend to the cards to bring about happy ending (4,2,6)

DOWN

1 Party or ball at the plant (5)
2 Continually replace name on post (7)
3 Put too much emphasis on set deliveries to sovereign power (9)
5 Float around high up (5)
6 With tail up, transmit welcome piece of good fortune (7)
7 Such a one has little real bite (9)
10 Reverse the boards behind the scenes (9)
13 One answering questions often on form (9)
15 English star I'm to recollect being one to rate (9)
17 Accountant with car over the hill (7)
19 Paddy's to turn out in flat cap (7)
21 Believer from within Dutch Reformed Church (5)
22 Those changes producing the distinctive character of people (5)

The solution to last Saturday's prize puzzle will be published with names of winners on Saturday April 20.

BASE LENDING RATES

	%		%		%
ABN Bank	12½	Co-operative Bank	12½	Nat Bk. of Kuwait	13½
Adam & Company	12½	Coutts & Co	12½	NatWestminster	12½
Allied Trust Bank	12½	Cyprus Popular Bk	12½	Northern Bank Ltd	12½
AIB Bank	12½	Duncan Bank PLC	12½	Nykredit Mortgage Bank	13
● Henry Ansbacher	12½	Duncan Lawrie	12½	Provincial Bank PLC	15
B & C Merchant Bank	12½	Equatorial Bank plc	12½	Roxburghe Bank Ltd	13½
Bank of Baroda	12½	Exeter Bank Limited	13	Royal Bk of Scotland	12½
Banco Bilbao Vizcaya	12½	Financial & Gen. Bank	12½	● Smith & Williamson Secs.	12½
Bank Credit & Comm	12½	First National Bank Plc	15	Standard Chartered	12½
Bank of Cyprus	12½	● Robert Fleming & Co.	12½	TSB	12½
Bank of Ireland	12½	Robert Fraser & Ptrs.	13	Unitank plc	12½
Bank of India	12½	Girobank	12½	● United Bk of Kuwait	12½
Bank of Scotland	12½	● Guinness Mahon	12½	United Mizrahi Bank	12½
Banque Belge Ltd	12½	● Hambros Bank	12½	Unity Trust Bank Plc	12½
Barclays Bank	12½	Hampshire Trust Plc	13½	Western Trust	12½
Benchmark Bank	13	Heritable & Gen Inv Bnk	12½	Westpac Bank Corp	12½
Brit Bk of Mid East	12½	● Hill Samuel	12½	Whiteaway Laidlaw	12½
● Brown Shipley	12½	C. Hoare & Co.	12½	Yorkshire Bank	12½
CL Bank Nederland	12½	Hongkong & Shanghai	12½		
● Charterhouse Bank	12½	● Leopold Joseph & Sons	12½		
Citibank NA	12½	Lloyds Bank	12½		
City Merchants Bank	12½	Meghraj Bank Ltd	12½		
Clydesdale Bank	12½	McDonnell Douglas Bank	12½		
Comm. Bk of London Plc	12½	Midland Bank	12½		
		Mount Banking	12½		

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